

tion for a harbor and breakwater to be located at a suitable place on Lake Superior at the mouth of Black River or Little Girls Point, known as Ohman's Creek; to the Committee on Rivers and Harbors.

100. By Mr. HOUSTON: Petition signed by 18,827 members of the National Old-Age Pension League, Wichita, Kans., favoring a national old-age pension of \$50 per month for a single person and \$70 for man and wife after they have reached age of 50 years; to the Committee on Labor.

101. By Mr. JOHNSON of Texas: Memorial of Dr. J. B. Barnett and Black Bros., of Thornton; C. J. Bryant, of Aquilla; I. G. Nance, route 1, Thornton; Hubert M. Harrison, vice president and general manager of the East Texas Chamber of Commerce, Longview; and R. R. Black, president of the First National Bank of Thornton, all of the State of Texas, favoring legislation authorizing emergency crop loans for 1935; to the Committee on Agriculture.

102. By Mr. KENNEY: Memorial of Tan-Ta-Qua Tribe, No. 294, Improved Order of Red Men, endorsing national lottery bill; to the Committee on Ways and Means.

103. By Mr. LAMBERTSON: Resolution of the Order of Benefit Association of Railway Employees of Horton, Kans., division no. 192, urging the enactment of legislation modifying the fourth section of the Interstate Commerce Act as provided for by House bill 8100 of the Seventy-third Congress; to the Committee on Interstate and Foreign Commerce.

104. By Mr. MERRITT of New York: Resolution of Colon Council, No. 309, Knights of Columbus, of Long Island City, Long Island, N. Y., protesting against the activities of the National Revolutionary Party in Mexico, and urging the United States Congress to refrain from any intervention in support of said party, and to refrain from trade relations which are profitable to the supporters of the National Revolutionary Party, and urging tourists not to visit Mexico; to the Committee on Foreign Affairs.

105. By Mr. PFEIFER: Petition of the Maritime Association of the Port of New York, New York City, urging air-mail terminal at Bennett Field in New York City; to the Committee on the Post Office and Post Roads.

106. Also, petition of the Department of Agriculture and Immigration of the State of Louisiana, urging continuation of excise tax on foreign oil; to the Committee on Ways and Means.

107. By Mr. RUDD: Petition of Woodside Civic Association, 5601 Northern Boulevard, Woodside, Long Island, N. Y., favoring the continuation of the Home Owners' Loan Corporation and the necessary appropriations for same; to the Committee on Banking and Currency.

108. By the SPEAKER: Petition of the city of Milwaukee; to the Committee on the Post Office and Post Roads.

## HOUSE OF REPRESENTATIVES

FRIDAY, JANUARY 11, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

In this sacred stillness, Heavenly Father, we would lift our eyes unto Thee. Thou hast set Thy glory above the heavens. We beseech Thee to pour into our lives a high and holy meaning; renew, unfold, and refresh them. Even in the dark hours in which reason and experience fail, we pray for Thy comforting signals. We praise Thee for the assurance that Thy mercy strengthens, Thy heart forgives, and Thy wisdom will guide us aright. Send Thy light, which strikes a crimson pathway through the ages, and bless us with that spirit of brotherhood that breathes from the heaven of the Savior of men. Amen.

The Journal of the proceedings of yesterday was read and approved.

### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed bills of the

following titles, in which the concurrence of the House is requested:

S. 364. An act to exempt from taxation certain property of the Daughters of Union Veterans of the Civil War in the District of Columbia;

S. 397. An act to provide for recording of deeds of trusts and mortgages secured on real estate in the District of Columbia, and for releasing thereof, and for other purposes;

S. 398. An act to amend the act entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, and the acts amendatory thereof and supplemental thereto;

S. 399. An act to amend sections 416 and 417 of the Revised Statutes relating to the District of Columbia;

S. 400. An act to permit the stepchildren of certain officers and employees of the United States to be admitted to the public schools of the District of Columbia without payment of tuition;

S. 401. An act to amend the act entitled "An act to regulate the practice of the healing art to protect the public health in the District of Columbia", approved February 27, 1929;

S. 402. An act to amend section 824 of the Code of Laws for the District of Columbia;

S. 404. An act to provide for the acquisition of land in the District of Columbia in excess of that required for public projects and improvements, and for other purposes; and

S. 408. An act to promote safety on the public highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia; to prescribe penalties for the violation of the provisions of this act; and for other purposes.

### ADJOURNMENT OVER

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

### HOME OWNERS' LOAN CORPORATION

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent that the Clerk may read a resolution I now send to the desk, that it be incorporated in the RECORD, and that it be referred to the Committee on Rules.

The SPEAKER. The gentleman from Ohio asks unanimous consent to have read the resolution which he is sending to the Clerk's desk.

Mr. SNELL. Mr. Speaker, reserving the right to object, what is the resolution?

Mr. SWEENEY. It is a resolution to investigate the Home Owners' Loan Corporation.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read as follows:

*Resolved*, That the Speaker of the House of Representatives be, and he is hereby, authorized to appoint a special committee to be composed of seven members for the purpose of conducting an investigation into the administration of the Home Owners' Loan Corporation to determine the cause of the unnecessary delay, irregularities, or discrimination against applicants who qualify for a mortgage loan under the terms and provisions of the act of Congress creating the Home Owners' Loan Corporation, and to further inquire into any act of misfeasance or malfeasance on the part of any official, employee, or agency of the Home Owners' Loan Corporation.

That said special committee, or any subcommittee thereof, is hereby authorized to sit and act during the present Congress at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, by subpoena or otherwise, and to take such testimony as it deems necessary. Subpoenas shall be issued under the signature of the chairman and shall be served by any person designated by him. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned as a witness,



by authority of said committee or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States.

Mr. SNELL. Mr. Speaker, does the gentleman from Ohio ask unanimous consent for the present consideration of the resolution?

Mr. SWEENEY. No; I asked unanimous consent that the resolution be read, and then referred to the Committee on Rules.

Mr. SNELL. If the gentleman wishes to submit a unanimous-consent request for its present consideration, I do not believe there will be any objection on this side.

The SPEAKER. The Chair understands that the gentleman asked that the resolution be read for information.

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SWEENEY. Mr. Speaker, the purpose of the resolution must be apparent to all Members who have been here during the last 2 or 3 days. Quite a portion of the general debate was directed against the activities and maladministration of the Home Owners' Loan Corporation. I am pleased to know that the distinguished minority leader is willing to go along with me. I hope not from a political motive but rather because of the principle involved. I have no thought of politics in mind in introducing this resolution. There are many men on the Democratic side of the aisle who feel as I do about the matter. Many because of their experience have openly registered their complaints.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. SWEENEY. I yield.

Mr. SNELL. There is no politics in it so far as I am concerned. All I want is an opportunity to present the situation that exists in my own State of New York.

Mr. BLANTON. And the situation that exists all over these United States.

Mr. SWEENEY. There are many men on this side of the aisle who have grievous complaints against the administration of this act, who, since the last session of Congress, have been importuned by all kinds of people who claimed they were the victims of discrimination, at least on the part of certain officials. I know, of course, that there are many fine, competent, and intelligent men in the Home Owners' Loan Corporation and its various subsidiaries, but there are also a lot of incompetents.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. SWEENEY. I yield.

Mr. KNUTSON. I did not hear the first part of the resolution. By whom is the committee to be appointed?

Mr. SWEENEY. It is to be appointed by the Speaker of the House.

Mr. KNUTSON. That fact alone insures that it will be nonpartisan.

Mr. SWEENEY. It will be a fair committee. I have confidence in the integrity of the Speaker of this House to know that he will appoint such a committee. I have the assurance of the distinguished Chairman of the Rules Committee, the gentleman from New York [Mr. O'CONNOR], that we will receive an early hearing; and I shall be pleased to have Members interested get in touch with me, that we may arrange to go before the committee en masse or by groups to secure expeditious action and a favorable report from the committee.

#### ADDRESS OF THE COMPTROLLER OF THE CURRENCY

Mr. SISSON. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

Mr. RAYBURN. Mr. Speaker, reserving the right to object, and I shall not in this instance, there is a special order of business pending on the Speaker's table. I shall object to other unanimous-consent requests.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SISSON. Mr. Speaker, a short time ago the Comptroller of the Currency, Hon. J. F. T. O'Connor, made a very fine address before the Nebraska Bankers' Association at Lincoln, Nebr. Generally this address is a treatment of the work of the Bureau of the Comptroller during the past year and 10 months. Specifically it contains a great deal of information which I think will be useful to all the Members of the House regarding the working of the Federal deposit-insurance provisions of the banking law. It also contains specific information regarding the reopening and reorganization of national banks and the admission of State banks to the deposit-insurance fund. What is perhaps more pertinent to practically every Member here, because most of us have had complaints of this type, is that the Comptroller explains the method and policy of examination by the examiners of his Department. To my mind his statement effectively disposes of the alibi so often offered by our bankers as the reason for not loosening up on credit—because of the tightness of the examination by the Comptroller's Department. Here are given specific facts and figures. Therefore, Mr. Speaker, I ask unanimous consent to have this address inserted in the RECORD.

Mr. SNELL. Mr. Speaker, reserving the right to object, as I understand the gentleman's request the matter referred to will appear in the RECORD?

Mr. SISSON. Yes.

Mr. SNELL. It relating purely to departmental work and not being a political speech, I have no objection to its being inserted in the RECORD.

Mr. SISSON. I can assure the gentleman from New York that the speech is full of valuable information.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SISSON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of the Honorable J. F. T. O'Connor, Comptroller of the Currency, before the Nebraska Bankers' Association, Lincoln, Nebr., November 9, 1934:

You will be interested in a review of the main problems confronting the Office of the Comptroller of the Currency, which is a Bureau of the Treasury Department, after the banking holiday in March 1933, and the solutions of these problems. Two of the problems were entirely new, and it was therefore necessary to travel into unexplored territory without the guidance of experience or precedent. The first problem was the reopening of 1,417 unlicensed national banks with deposits of \$1,971,960,000, which are under the jurisdiction of the Comptroller of the Currency. The second was the approval of the sale to the Reconstruction Finance Corporation and to local interests of preferred stock in national banks. The third problem was the distribution of dividends to depositors in closed banks. The distribution of dividends has been an activity of the Comptroller's Office since the first bank closed, but new methods have been employed during the past 20 months.

The work accomplished could not have been done without the cooperation of the Congress of the United States. At the request of the President ample provision was made by Congress for reopening the closed institutions and giving much-needed relief to depositors.

At the close of the banking holiday an entirely new division of the Comptroller's Office was put together, and several floors of an adjoining office building were taken over for this work. Examiners were called in from different parts of the country; clerks, auditors, stenographers, typists—all worked early and late, under great pressure. We received as many as 7,000 letters in 1 week. Each and every one of the 1,417 banks had to be carefully examined, the assets appraised, and a plan prepared for its reopening. On November 1, 1934, 1,075 banks had been reorganized, representing \$1,792,899,000 in deposits, while 30 banks had voluntarily liquidated and paid their depositors in full \$11,204,000, and 297 banks had been placed in receivership, representing \$153,336,000 in deposits. The depositors in these particular receivership banks have received \$42,328,657. When a bank is placed in receivership, it does not mean that it has no chance to be reopened or reorganized, as we had on November 1 approved plans for reopening 10 of these receivership banks with deposits of \$4,754,000.

It is indeed a great pleasure to state to you today that there are only 15 banks in conservatorship, representing \$14,433,000 of deposits, and of these, 13 have plans approved for reorganization, with deposits of \$13,653,000 which will be released shortly. In other words, 20 months after the banking holiday there remains undisposed of less than three-fourths of 1 percent of the deposits in the 1,417 unlicensed banks as reported at the close of the banking holiday.

A careful survey of the banking situation of the Nation showed that values on property of all kinds have been greatly depressed,



and our banks contain numerous items which debtors could readily have paid under ordinary conditions but were not able to pay because of the financial collapse. The President appreciated this situation and realized the importance of the banking institutions to the country. To avoid further distress to depositors he requested the Congress of the United States to permit the Government to purchase preferred stock in these banks. Let me use his own words: "To accept the Government's offer to purchase preferred stock does not mean that a bank is weak, but that it is eager to cooperate in the recovery effort to the fullest possible extent and thus undertake to put this additional capital to work. We are not thinking of idle capital. We are thinking of working capital—capital working for recovery."

It is unnecessary to call your attention to the tremendous amount of detailed work in connection with applications for preferred stock—waivers, consent of stockholders, resolutions of the board of directors, and of the Reconstruction Finance Corporation, as well as a careful check in the Comptroller's Office and approval by the Secretary of the Treasury. If you will keep in mind these various complicated steps, you will have some idea of the task involved in the sale by 1,835 national banks of \$473,353,550 in preferred stock to local interests and to the Reconstruction Finance Corporation by November 1, 1934.

The third important problem referred to was the relief given to depositors in closed banks. Since March 16, 1933, there has been distributed through the office of the Comptroller of the Currency to depositors in closed national banks over half a billion dollars, or to be exact, \$555,160,062.

In Nebraska at the end of the banking holiday there were 21 national banks unlicensed, with deposits of \$6,503,000. It will interest you to know that every one of these has been disposed of. Fourteen were reopened, representing deposits of \$5,462,000; 1 bank, with deposits of \$99,000, has gone into voluntary liquidation; and 6 banks, representing deposits of \$942,000, have been placed in receivership.

The combined deposits of these 14 reopened institutions and the one now being voluntarily liquidated amounted to \$6,128,000, or 85.5 percent of all the deposits tied up in unlicensed Nebraska national banks on March 16, 1933.

In most respects recent bank "calls" by the Comptroller of the Currency have indicated that national banks in your State are making steady progress. The one exception is the matter of loans and discounts, which declined 6.8 percent during the first half of the current year.

However, with an increase of only 7 percent in the number of licensed national banks, investments of Nebraska national banks rose 31.8 percent between the end of 1933 and the middle of 1934; total deposits increased 30.9 percent, and total assets gained 26.7 percent.

Results of the last three "calls"—December 30, 1933, March 5, 1934, and June 30, 1934—for Nebraska national banks are given in the following tabulation:

	Dec. 30, 1933	Mar. 5, 1934	June 30, 1934
Number of national banks.....	128	132	137
Loans and discounts.....	\$62,416,000	\$60,848,000	\$58,119,000
Investments.....	71,439,000	91,441,000	94,174,000
Total assets.....	192,580,000	232,147,000	244,096,000
Total deposits.....	162,092,000	201,442,000	212,338,000

The remarkable record which has been made in rehabilitating the banking structure of the Nation would have been impossible without Government assistance. That this aid has been given in gigantic proportions, in the interests of the people of the United States, is indicated by the following figures:

Through October 31, 1934, the Reconstruction Finance Corporation had authorized loans to banks and trust companies—open or closed—in the sum of \$2,222,815,803. Of this amount, \$1,698,906,340 had actually been disbursed to those institutions by that date. Moreover, in an effort to rehabilitate the capital structure and to make possible a greater extension of credit, the Reconstruction Finance Corporation had authorized the expenditures of \$1,128,794,295 through October 31, 1934, in loans on preferred stock of banks and trust companies, subscriptions for the preferred stock of such institutions, purchases of capital notes and purchases of debentures. Of this amount, \$906,764,407 had then actually been disbursed.

Without these huge disbursements by this governmental agency it is certain that hundreds of banks which have been reopened since March of last year would still be closed, and depositors would be clamoring in vain for their funds.

The banks of your State have not been overlooked in this rebuilding movement.

Through October 31, 1934, the Reconstruction Finance Corporation had authorized loans to Nebraska banks and trust companies—open or closed—in an aggregate of \$6,926,349. Of this amount, \$5,586,651 had actually been disbursed up to that time.

However, your Government did not stop there. So as to rebuild the capital structures of your banking institutions, the Reconstruction Finance Corporation had authorized the expenditure of \$8,675,000 in subscriptions to preferred stock and loans on preferred stock of Nebraska banks—State or National—through the close of business October 31, 1934. Of this total, \$7,594,450 had then actually been disbursed.

We hear a great deal of talk these days about the "heavy cost of receiverships", and there is considerable attempt to make the

public believe that receivers, their attorneys, and assistants charge such large fees that nothing is left for the poor depositor. The picture commonly portrayed is a pitiful one, but it has one drawback—it isn't true.

Receiverships—at least national-bank receiverships—are conducted with a maximum of efficiency and a minimum of expense. From the date of the first failure of a national bank in 1865 to October 31, 1933, national banks placed in receivership numbered 2,514. Of these, 1,155 have been entirely liquidated and their affairs closed. Expenses incident to the administration of these 1,155 closed trusts, such as receivers' salaries, legal and other expenses, amounted to 3.90 percent of the book value of the assets and stock assessments administered, or 6.66 percent of collections from assets and stock assessments.

In other words, about 94 cents out of every dollar collected by receivers went to depositors.

There are today 32 national banks in receivership in your State, including 6 placed in receivership since the banking holiday of last year. At the time of suspensions these institutions owed their depositors \$10,383,543. Today depositors in these 32 defunct banks have coming to them, according to the books, \$5,420,797. In other words, depositors in closed national banks in Nebraska have received, on the average, 50 percent of their funds, with more to come.

Much has been said about the opposition of the administration to bankers generally. It is not necessary to point out the fact that this is not true. From time to time suggestions have been made as to how this or that particular group in the Nation could assist in the recovery program, and these constructive suggestions can hardly be construed as an opposition policy. Probably the most generally circulated report is that the bankers cannot make loans because the national-bank examiners are too critical and harsh in their examinations. This problem has been a matter of serious concern to the Comptroller's Office. It was the opinion of all fair-minded men that assets should not be appraised at a figure which could be realized in a distressed market, but that assets had an intrinsic value, or, if you please, a recovery value. It was agreed, therefore, to have bank examiners appraise assets on this basis. The Comptroller of the Currency sent, on October 26, 1933, to each of the 12 chief national-bank examiners in the United States instructions to this effect:

"After the 'bank holiday' national-bank examiners were largely engaged in the examination of banks which did not receive a license for the purpose of reorganization. It appears that some examiners, in making examinations of licensed national banks, have become what might be termed 'reorganization minded' and have lost sight of the President's recovery program and its relation to licensed banks. It is the administration's desire that credit channels be opened through licensed banks, and this policy cannot be accomplished if examiners follow a deflation policy in examinations. We are all concerned in having solvent banks, but there is a wide distinction between the potential and intrinsic value of assets of a going institution and liquidating values. Examiners, in appraising and classifying assets of licensed banks, will not apply liquidating values but will appraise on the basis of fair values on a recovery basis. As an example: In dealing with bank buildings the examiner must realize that a bank building of a going bank has an intrinsic value, as distinguished from present depressed values, which, combined with the element of recovery, may fully substantiate the carrying value given to it by the bank. The same is true of mortgages, and in this connection the examiners should familiarize themselves with the instructions given with respect to real-estate mortgages by the Federal Deposit Insurance Corporation to its examiners.

"You will advise examiners who are examining licensed banks, of this policy and see that it is carried out. Any examination now in process, or any future examination, will be governed by these instructions and where an examination has been completed, the examiner making the report will review the report on the above basis and rewrite such report if found necessary. If the examiner is not now available, it may be necessary to make a new examination on the proper basis."

Again on March 13, 1934, the following instruction was sent to all chief national-bank examiners:

"Reports of examinations received by this office recently clearly indicate that some few of the examiners throughout the country have not fully grasped the meaning of instructions communicated to the chief examiners under date of October 26, 1933, and are making more drastic classifications of assets of the banks examined by them than is necessary under the circumstances and more severe than is contemplated by the instructions contained in office letter referred to above.

"If there are in your Federal Reserve district any examiners who, in your opinion, are making unnecessarily drastic classifications of assets, please confer with them promptly, looking toward having their classifications as lenient as circumstances in each case will permit and in order that they will be in accord with the policies of this office.

"While you are familiar with the character of examinations made by your examiners, it is suggested that in determining whether or not any of them are too severe in their classifications, you give particular attention to their appraisals of banking houses, furniture and fixtures, and loans secured by real estate."

No system is perfect because men are not perfect. Here and there isolated cases appear where examiners have been too harsh. These instances are sometimes called to the attention of the proper officials, but where examiners are too lenient that fact seldom appears. The instructions which I have cited have never



before been made public. However, I believe the time has come to clarify a criticism which is unfair. The question naturally arises, What were the results obtained under the instructions? Again, for the first time, I will give you a complete picture of the examinations made by the national-bank examiners as shown by 1934 reports of examination. As is well known to bankers, examiners classify loans under three headings—slow, doubtful, and loss. There is little room for argument when assets are placed in the loss column and very little question arises in the doubtful column. The slow column attracts the most attention and controversy. An examination of the reports filed in the Office of the Comptroller of the Currency in each of 5,275 banks reveals the following interesting figures: The total amount of loans was \$7,740,596,000. The examiners placed 2.88 percent of these loans in the loss column and 4.19 percent in the doubtful column and 27.05 percent in the slow column. The country has been advised of the definition of slow paper as follows:

"The examiners, when classifying loans as slow, should state briefly the reasons for such classifications, but should bear in mind that the responsibility for determining and taking such action as may be necessary to place such slow loans in proper bankable shape rests entirely with the bankers. The examiners, therefore, should refrain from instructing the bankers as to what course they should pursue with their customers whose paper is classified as slow."

This conclusively proves the understanding and sympathetic attitude on the part of your Government toward the banks of the country.

#### STANDING COMMITTEES OF THE HOUSE

Mr. DOUGHTON. Mr. Speaker, I present a privileged resolution providing for the appointment of the majority members of the standing committees of the House and ask its immediate consideration.

The Clerk read as follows:

#### House Resolution 45

*Resolved*, That the following Members be, and they are hereby, elected members of the standing committees of the House of Representatives, to wit:

Accounts: Lindsay C. Warren (chairman), North Carolina; John J. Cochran, Missouri; Mell G. Underwood, Ohio; Charles Kramer, California; J. Mark Wilcox, Florida; Joe Starnes, Alabama; Nat Patton, Texas; A. L. Ford, Mississippi.

Agriculture: Marvin Jones (chairman), Texas; Hampton P. Fulmer, South Carolina; Wall Doxey, Mississippi; John R. Mitchell, Tennessee; Cap R. Carden, Kentucky; John W. Flannagan, Jr., Virginia; Harry P. Beam, Illinois; James G. Polk, Ohio; Richard M. Kleberg, Texas; Fred Cummings, Colorado; Walter M. Pierce, Oregon; Fred Biermann, Iowa; E. M. Owen, Georgia; Harold D. Cooley, North Carolina; William L. Nelson, Missouri; Frank E. Hook, Michigan; Harry B. Coffey, Nebraska; Gerald J. Bolleau (Progressive), Wisconsin; Anthony J. Dimond, Alaska.

Banking and Currency: Henry B. Steagall (chairman), Alabama; T. Alan Goldsborough, Maryland; Michael K. Reilly, Wisconsin; Frank W. Hancock, Jr., North Carolina; Clyde Williams, Missouri; O. H. Cross, Texas; Brent Spence, Kentucky; Prentiss M. Brown, Michigan; Fred J. Sisson, New York; James I. Farley, Indiana; James A. Meeks, Illinois; Herman P. Kopplemann, Connecticut; Martin J. Kennedy, New York; Thomas F. Ford, California; Paul Brown, Georgia; Richard M. Russell, Massachusetts; D. J. Driscoll, Pennsylvania; D. Worth Clark, Idaho.

Census: William H. Larrabee (chairman), Indiana; John E. Rankin, Mississippi; John H. Kerr, North Carolina; William L. Fiesinger, Ohio; Brooks Fletcher, Ohio; J. Mark Wilcox, Florida; Cleveland Dear, Louisiana; Matthew A. Dunn, Pennsylvania; William M. Colmer, Mississippi; Henry Ellenbogen, Pennsylvania; Joseph L. Pfeifer, New York; George H. Mahon, Texas; Phil Ferguson, Oklahoma; Theodore L. Moritz, Pennsylvania; R. T. Buckler (Farmer-Labor), Minnesota.

Civil Service: Robert Ramspeck (chairman), Georgia; William I. Strovich, New York; Jennings Randolph, West Virginia; Virginia E. Jenckes, Indiana; Cleveland Dear, Louisiana; Jared Y. Sanders, Jr., Louisiana; Harry H. Mason, Illinois; Herron Pearson, Tennessee; C. Elmer Dietrich, Pennsylvania; Josh Lee, Oklahoma; George H. Mahon, Texas; John H. Tolan, California; Aubert C. Dunn, Mississippi; Joe Starnes, Alabama; Merlin Hull (Progressive), Wisconsin.

Claims: Ambrose J. Kennedy (chairman), Maryland; Robert Ramspeck, Georgia; Samuel Dickstein, New York; Martin F. Smith, Washington; Scott W. Lucas, Illinois; John M. Houston, Kansas; Dan R. McGehee, Mississippi; J. Burrwood Daly, Pennsylvania; Elmer J. Ryan, Minnesota; Jack Nichols, Oklahoma; Marcellus H. Evans, New York; Charles L. South, Texas; John H. Tolan, California; Michael J. Stack, Pennsylvania.

Coinage, Weights, and Measures: Andrew L. Somers (chairman), New York; John J. Cochran, Missouri; William H. Larrabee, Indiana; William L. Fiesinger, Ohio; Compton I. White, Idaho; Abe Murdock, Utah; William M. Berlin, Pennsylvania; Brooks Fletcher, Ohio; Claude V. Parsons, Illinois; Will Rogers, Oklahoma; Knute Hill, Washington; Charles L. South, Texas; Dan R. McGehee, Mississippi; John J. Dempsey, New Mexico; Thomas R. Amle (Progressive), Wisconsin.

Disposition of Useless Executive Papers: Charles J. Colden (chairman), California.

District of Columbia: Mary T. Norton (chairman), New Jersey; Vincent L. Palmisano, Maryland; Wright Patman, Texas; Ambrose J. Kennedy, Maryland; Jennings Randolph, West Virginia; Virginia E. Jenckes, Indiana; Theo. B. Werner, South Dakota; Randolph Carpenter, Kansas; Henry Ellenbogen, Pennsylvania; William T. Schulte, Indiana; Reuben T. Wood, Missouri; James L. Quinn, Pennsylvania; Jack Nichols, Oklahoma; Dan R. McGehee, Mississippi; Merlin Hull (Progressive), Wisconsin.

Education: Vincent L. Palmisano (chairman), Maryland; René L. DeRouen, Louisiana; William H. Larrabee, Indiana; Brooks Fletcher, Ohio; Braswell Deen, Georgia; William M. Berlin, Pennsylvania; Graham A. Barden, North Carolina; Richard J. Tonry, New York; Louis C. Rabaut, Michigan; Edward J. Hart, New Jersey; A. L. Ford, Mississippi; Theodore L. Moritz, Pennsylvania; Josh Lee, Oklahoma; Raymond S. McKeough, Illinois; Michael L. Igoo, Illinois.

Election of President, Vice President, and Representatives in Congress: Brooks Fletcher (chairman), Ohio; Leo Kocialkowski, Illinois; James R. Claiborne, Missouri; Caroline O'Day, New York; Joseph Gray, Pennsylvania; Richard J. Tonry, New York; Phil Ferguson, Oklahoma; C. Elmer Dietrich, Pennsylvania.

Elections No. 1: Cleveland Dear (chairman), Louisiana; Milton H. West, Texas; C. Jasper Bell, Missouri; Sam C. Massingale, Oklahoma; Herron Pearson, Tennessee.

Elections No. 2: Joseph A. Gavan (chairman), New York; Raymond J. Cannon, Wisconsin; Scott W. Lucas, Illinois; George H. Mahon, Texas; John L. McClellan, Arkansas.

Elections No. 3: John H. Kerr (chairman), North Carolina; Ben Cravens, Arkansas; Alfred F. Beiter, New York; John H. Tolan, California; Aubert C. Dunn, Mississippi.

Enrolled bills: Claude V. Parsons (chairman), Illinois; Charles N. Crosby, Pennsylvania; Caroline O'Day, New York.

Expenditures in the Executive Departments: John J. Cochran (chairman), Missouri; Allard H. Gasque, South Carolina; Riley J. Wilson, Louisiana; William M. Whittington, Mississippi; Glenn Griswold, Indiana; Randolph Carpenter, Kansas; Ben Cravens, Arkansas; James L. Quinn, Pennsylvania; John M. Houston, Kansas; Simon M. Hamlin, Maine; James A. O'Leary, New York; Aubert C. Dunn, Mississippi; Raymond S. McKeough, Illinois; Don Gingery, Pennsylvania; Merlin Hull (Progressive), Wisconsin.

Flood Control: Riley J. Wilson (chairman), Louisiana; William M. Whittington, Mississippi; Glenn Griswold, Indiana; Cleveland Dear, Louisiana; Otha D. Wearin, Iowa; Monrad C. Wallgren, Washington; Robert T. Secrest, Ohio; R. A. Green, Florida; Leo Kocialkowski, Illinois; Milton H. West, Texas; James L. Quinn, Pennsylvania; Phil Ferguson, Oklahoma; John Steven McGroarty, California; Orville Zimmerman, Missouri; John L. McClellan, Arkansas; Bernard J. Gehrmann (Progressive), Wisconsin.

Foreign Affairs: Sam D. McReynolds (chairman), Tennessee; Sol Bloom, New York; Luther A. Johnson, Texas; Walter Lambeth, North Carolina; Stephen A. Rudd, New York; Bryant T. Castellow, Georgia; Finly H. Gray, Indiana; Frank L. Klobb, Ohio; Millard F. Caldwell, Florida; William E. Richardson, Pennsylvania; John Kee, West Virginia; Guy Mark Gillette, Iowa; Martin A. Brennan, Illinois; Lawrence E. Imhoff, Ohio; Oliver W. Frey, Pennsylvania; James P. Richards, South Carolina; Thomas C. Hennings, Jr., Missouri; James A. Shanley, Connecticut.

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Indian Affairs: Will Rogers (chairman), Oklahoma; Wilburn Cartwright, Oklahoma; Joe L. Smith, West Virginia; Samuel Dickstein, New York; Roy E. Ayers, Montana; Thomas O'Malley, Wisconsin; Henry E. Stubbs, California; Knute Hill, Washington; Abe Murdock, Utah; Theo. B. Werner, South Dakota; Isabella Greenway, Arizona; Randolph Carpenter, Kansas; John Steven McGroarty, California; Elmer J. Ryan, Minnesota; Bernard J. Gehrmann (Progressive), Wisconsin; Anthony J. Dimond, Alaska.

Insular Affairs: John McDuffie (chairman), Alabama; Joe L. Smith, West Virginia; Wilburn Cartwright, Oklahoma; William H. Larrabee, Indiana; Leo Kocialkowski, Illinois; Henry Ellenbogen, Pennsylvania; Jared Y. Sanders, Jr., Louisiana; Louis C. Rabaut, Michigan; Elmer J. Ryan, Minnesota; Dan R. McGehee, Mississippi; Sam C. Massingale, Oklahoma; C. Jasper Bell, Missouri; George H. Mahon, Texas; Don Gingery, Pennsylvania; Harry Sauthoff (Progressive), Wisconsin.

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Buckler (Farmer-Labor), Minnesota; George J. Schneider (Progressive), Wisconsin.

Irrigation and Reclamation: Compton I. White (chairman), Idaho; Allard H. Gasque, South Carolina; Roy E. Ayers, Montana; Knute Hill, Washington; Henry E. Stubbs, California; J. Will Robinson, Utah; J. Hardin Peterson, Florida; Theo. B. Werner, South Dakota; Milton H. West, Texas; Isabella Greenway, Arizona; Herron Pearson, Tennessee; Paul R. Greever, Wyoming; John L. McClellan, Arkansas; Charles L. South, Texas; Orville Zimmerman, Missouri; John J. Dempsey, New Mexico.

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Library: Kent E. Keller (chairman), Illinois; Robert T. Secrest, Ohio; Graham A. Barden, North Carolina.

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Post Office and Post Roads: James M. Mead (chairman), New York; Milton A. Romjue, Missouri; William F. Brunner, New York; Harry L. Haines, Pennsylvania; Thomas G. Burch, Virginia; Martin L. Sweeney, Ohio; John C. Taylor, South Carolina; Donald C. Dobbins, Illinois; Fred H. Hildebrandt, South Dakota; A. Willis Robertson, Virginia; William A. Ashbrook, Ohio; John P. Higgins, Massachusetts; Arthur W. Mitchell, Illinois; Henry C. Luckey, Nebraska; B. Frank Wheelchel, Georgia; Edward W. Patterson, Kansas; Sam Hobbs, Alabama; Gardner R. Withrow (Progressive), Wisconsin.

Printing: Walter Lambeth (chairman), North Carolina; Richard J. Tonry, New York.

Public Buildings and Grounds: Fritz G. Lanham (chairman), Texas; John H. Kerr, North Carolina; Eugene B. Crowe, Indiana; Ben Cravens, Arkansas; Otha D. Wearin, Iowa; J. Mark Wilcox, Florida; Jared Y. Sanders, Jr., Louisiana; John M. Houston,

Kansas; A. L. Ford, Mississippi; Michael J. Stack, Pennsylvania; C. Jasper Bell, Missouri; Phil Ferguson, Oklahoma; John H. Tolan, California; Charles A. Buckley, New York; Thomas R. Amle (Progressive), Wisconsin.

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Revision of the Laws: Raymond J. Cannon (chairman), Wisconsin; William P. Connery, Jr., Massachusetts; Samuel Dickstein, New York; James R. Claiborne, Missouri; Charles N. Crosby, Pennsylvania; J. Mark Wilcox, Florida; Marcellus H. Evans, New York; Louis C. Rabaut, Michigan; ———.

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Roads: Wilburn Cartwright (chairman), Oklahoma; Lindsay C. Warren, North Carolina; William M. Whittington, Mississippi; Wright Patman, Texas; Thomas O'Malley, Wisconsin; Monrad C. Wallgren, Washington; J. Will Robinson, Utah; A. H. Carmichael, Alabama; Jennings Randolph, West Virginia; Robert T. Secrest, Ohio; Scott W. Lucas, Illinois; Hugh Peterson, Jr., Georgia; John L. McClellan, Arkansas; Nat Patton, Texas; Orville Zimmerman, Missouri; Bernard J. Gehrman (Progressive), Wisconsin.

Rules: John J. O'Connor (chairman), New York; Adolph J. Sabath, Illinois; Arthur H. Greenwood, Indiana; E. E. Cox, Georgia; William J. Driver, Arkansas; Howard W. Smith, Virginia; J. Bayard Clark, North Carolina; Martin Dies, Texas; Byron B. Harlan, Ohio; Lawrence Lewis, Colorado.

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World War Veterans' Legislation: John E. Rankin (chairman), Mississippi; William P. Connery, Jr., Massachusetts; Wright Patman, Texas; Glenn Griswold, Indiana; Randolph Carpenter, Kansas; John H. Hoeppel, California; Jared Y. Sanders, Jr., Louisiana; Joe Starnes, Alabama; Joseph Gray, Pennsylvania; Herron Pearson, Tennessee; Charles A. Buckley, New York; Josh Lee, Oklahoma; John M. Houston, Kansas; and Harry Sauthoff (Progressive), Wisconsin.

Mr. DOUGHTON. Mr. Speaker, I move the adoption of the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

THE HOME OWNERS' LOAN CORPORATION HAS HELPED THE PEOPLE

Mr. BURDICK. Mr. Speaker, I desire to submit some facts and figures in reference to the Home Owners' Loan Corporation, and I ask permission to do so by extending whatever I have to say in the Record.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota to extend his remarks in the Record?

There was no objection.

Mr. BURDICK. Mr. Speaker, I had not intended to speak upon the subject of the Home Owners' Loan Corporation because I took it for granted that there would be no opposition to a continuance of the activities of the Corporation. During the debates on the sundry appropriations bill before the Committee of the Whole House on the state of the Union on the 9th and 10th of January, I observed that there was some definite opposition to a continuance of the enterprise.

The gentleman from Texas [Mr. BLANTON] voiced considerable opposition to the Corporation, naming as a reason that there was incompetency in the administration of it, and that the point had been reached in his district where the chairman of the board was going over the heads of



Congressmen to make appointments of appraisers and other administrative officers and that worthy loans were turned down, and in other instances great favoritism had been shown. I do not contend that the gentleman is in error.

In my State—North Dakota—both Congressmen are Republicans, and, of course, have not been consulted on any appointments made in the administrative department of the Corporation handling the business in the State. I believe it would be a much better policy to at least consult with us, as I am sure we have no other desire than to see the Corporation function efficiently for all of the people of our State. But even if we are never consulted about this matter, I still feel that we want to have this important field of activity continued in our State.

Since the latter part of the year 1932, there has been no activity of any wide range among any other loan agencies within the State which could supply funds for the needs of home owners. For several months before the beginning of the Home Owners' Loan Corporation in North Dakota I believe it fair to state that there was no agency operating within the State which was in a position to extend loans on homes. This institution was created because of a great necessity, during an emergency period, and that emergency has not yet passed. The wisdom of the President and Congress in enacting into law this necessary legislation, at this particular period of our history, cannot be denied by anyone who is fair-minded. To continue the work, I believe, is as necessary now as it was to inaugurate the plan in the first instance.

That the Corporation has filled a great gap in our national finance scheme cannot be doubted when we examine the following figures:

Number of applications received by the Corporation from its inception to Dec. 27, 1934, was.....	1,246,091
Number of applications completed and money advanced.....	721,962
Number of applications passed but held for minor detail adjustment.....	199,129
Number of applications still pending, awaiting further authorization from Congress.....	325,000
Actual money advanced to Dec. 27, 1934 (approximately).....	\$2,165,886,000
Money available to close approved applications (approximately).....	597,387,000
Total amount made available.....	2,763,273,000
Amount necessary to complete pending loans (approximately).....	\$924,000,000
Average size loan.....	\$3,024

#### NORTH DAKOTA RECORD

Number of applications received.....	5,288
Number completed and paid.....	3,654
Number awaiting action of Congress.....	1,634
Percentage of loans actually completed (in the Nation).....	59
Percentage of loans actually completed (North Dakota).....	79
Percentage of loans completed and awaiting minor details (in the Nation).....	74

On account of being more familiar with the work and not being deluged as the administration was in the early days of a new work, it is estimated that 95 percent of pending applications will be acted upon favorably. (The above figures were furnished by John W. Childress, assistant to the chairman of the board.)

From the above figures it must be apparent to Members of Congress that the corporation has made a wonderful showing in the short time that it has been in existence; and in North Dakota I am personally aware that it has saved the homes of 3,654 owners, who, without the benefits of the plan, would have been homeless today so far as legal title is concerned, and would have been completely homeless had not the moratorium and the holiday association in North Dakota prevented foreclosures and evictions.

Abuses have naturally developed in the handling of this immense business. We are not without complaints from North Dakota. It has been reported to me that in one of our largest cities favoritism has been shown to banks and building and loan associations, while the individual mortgagee and lien holder has been shunted aside. It also has been reliably

reported to me that appraisers have been chosen who are incompetent and who have favored large corporations. It has been reported to me that some of the appraisers for the home-loan bank were also collectors of campaign funds for the Democratic Party, and that they have made collections from concerns who were interested in having appraisements made which would safeguard their mortgages.

I am confident that this information was never presented to the chairman of the Board. I am also satisfied that the Board would be willing to correct these evils, when the matter is presented to them with proof. I propose to do that very thing—I propose to present affidavits covering these charges to the Board, and to an investigation committee of Congress if necessary. In spite of this situation, there can be no just reason why Congress should desire to abandon the whole project merely because evils have developed in the system. Remove the evils but do not abandon this important Home Owners' Loan Corporation.

The SPEAKER. Under the special order of the House, the gentleman from Texas [Mr. RAYBURN] is recognized for 45 minutes.

#### PUBLIC UTILITY HOLDING COMPANIES

Mr. RAYBURN. Mr. Speaker, I rather think that this case might be developed more to the satisfaction of the House if I proceeded to a conclusion of my remarks without interruption, and then I will be very glad to yield to anyone who desires to ask questions.

In order that the House may have a picture of what we have been doing in these investigations, although there may be some reiteration, may I state to the House that in the first instance the examinations that the committee through special counsel has been making into the holding companies has been going on since the Seventy-first Congress.

#### PUBLIC UTILITY HOLDING COMPANIES

First. Railroad holding companies: Pursuant to House Resolution 114, Seventy-first Congress, second session, an investigation of railroad holding companies was made. The report in this investigation entitled "Regulation of Stock Ownership in Railroads", and containing three parts, was submitted to the Congress on February 20, 1931. As a result of this investigation and report a bill was prepared by your committee, H. R. 9059, Seventy-second Congress, first session, which was later incorporated in title II of the Emergency Transportation Act of 1933, Senate 1580, Seventy-second Congress, first session, which was approved by the President June 16, 1933.

Second. Oil pipe lines: By authority of House Resolution 59, Seventy-second Congress, first session, an investigation of oil pipe lines was made. The report in this investigation entitled "Report on Pipe Lines", containing two parts, was submitted to the Congress on March 2, 1933.

Third. Power and gas companies: Pursuant to House Resolution 59, Seventy-second Congress, first session, and House Joint Resolution 572, Seventy-second Congress, second session, an investigation has been made of holding companies in power and gas. The report in this investigation is divided into six parts. Part I, entitled "Report on Directors and/or Officials of Holding Companies and Operating Companies in Power and Gas", was submitted to the Congress on February 21, 1934. The remaining parts, II to VI, inclusive, are now in the hands of the Printer and will be submitted in the near future.

Fourth. Communication companies: Pursuant to House Resolution 59, Seventy-second Congress, first session, and House Joint Resolution 572, Seventy-second Congress, second session, an investigation has been made of communication companies. The report in this investigation is divided into three parts. Part I, the preliminary report, was submitted to the Congress on April 18, 1934. Parts II and III, making the completed report, were submitted as of June 4, 1934. On that date part II was distributed. The Government Printing Office now has part III practically ready for distribution. In connection with this investigation and report, the Communications Act of 1934 became law on June 19, 1934, when the President approved S. 3285.



This law brought together under one commission all the communications activities of the Government instead of scattered throughout the various departments of the Government.

I may say further that these four very far-reaching investigations were made by your committee with an appropriation of only \$150,000. Ten thousand dollars was turned back into the Treasury at the end of the railroad-holding company investigation, and \$10,000 more will be turned back at the end of this investigation, making the whole investigation cost the Government only \$130,000.

In view of the extensive investigations of this industry by the Federal Power Commission and the Federal Trade Commission, involving an aggregate expenditure of \$4,514,368.24, in the power field, your committee limited their inquiry to obtaining an over-all picture of the power industry and relations between the holding companies and the operating companies. The committee made an intensive study of some of the holding companies at the top of such systems as the Insull set-up. The greater part of our funds were expended on the holding-company inquiry in utilities, other than power companies. The committee first made a comprehensive and detailed study of the railroad holding companies. You are familiar of this report in three volumes. Based upon the disclosures in that investigation the committee recommended a bill to regulate the railroad holding companies. This bill was incorporated as a part of title II of the Transportation Act of 1933, and on June 16 of that year became law.

Another comprehensive inquiry was made of the stock ownership and control of the oil pipe-line companies. This report in two volumes you received in this House on March 2, 1933. This report has been of great assistance to the committee in dealing with various bills that had been referred to the committee which were drawn with a view of further regulating oil pipe lines. That report called for a further study of the oil industry itself if there should be complaint that the legislatures in the oil-producing States were not adequately coping with the problems of conservation. As a result of complaints brought to our attention, the committee recommended House Resolution No. 441, Seventy-third Congress, second session. Under this resolution a subcommittee, with Congressman COLE as the chairman, has made a most thorough inquiry into the conditions surrounding production and distribution of petroleum and its products.

The committee has completed an investigation of the stock ownership and control of natural gas pipe lines which will be distributed within a few days. The Interstate Commerce Act exempts gas pipe lines from common carriers—that is, a gas pipe line is not in the law classified as a common carrier. As a result of our study we find that this classification of gas pipe lines by the Congress was correct.

As a result of a study of the pipe lines, we find that the gas pipe-line company has never been defined as a common carrier, and as a result of our investigation we find that that is probably correct.

The investigation discloses that natural gas is now carried direct from Nature's reservoir in the earth through the casing in the gas wells through pipe lines to consumers in the villages, towns, and cities of the several States. When a reservoir of natural gas is connected by an interstate pipe line with the cookstoves, water heaters, refrigerators, and furnaces of consumers in different States, the gas in the field is placed in interstate commerce. That is true not only of the gas passing through the pipe line but it is also true of the gas in Nature's reservoir in the earth. That is because there is no way to store this gas above the ground. It is carried by the pressure in the earth itself through the wells through connecting pipes for a considerable distance into the main pipe line. Through a system of pumping stations, the gas can be boosted economically for even a thousand miles by reason of this initial start from the natural pressure within the earth. In fact, the Columbia Gas Co. now owns a half interest in a pipe line from the Panhandle in Texas to Indiana, where it connects with the system lines of that

company through which natural gas is distributed to the cities on the Atlantic seaboard and Washington, D. C. It is possible that gas comes from the Panhandle in Texas through these series of pipe lines to Washington itself. It is true that most of the gas originating in the Texas field is consumed long before it reaches the Atlantic seaboard; but it is also true that the gas burner in a gas range in the city of Washington is directly connected with Nature's reservoir of gas near Amarillo, Tex. If legislatures in the States where natural-gas deposits are found, and which have become connected with users in other States, do not protect the gas field, it then becomes the duty of Congress to do so. Congress must see to it that there is no waste through neglected wells which will deplete the supply or which will reduce unduly and prematurely the natural pressure of the gas in its deposits.

We have power, in my opinion, to regulate the conditions under which gas is taken from the fields in order to protect these fields which are in interstate commerce and which are so necessary to the welfare of thousands of consumers. The Congress has power also to regulate accounts of these gas pipe-line companies, the issue of their securities, and to require a certificate of convenience and necessity before an additional gas pipe line can be built to a gas field already connected with an interstate pipe line. The Congress also has power, I believe, to regulate the wholesale price of the gas from the pipe line to the local distributing companies. While Federal power might even extend to the price paid by the individual consumers, I believe that the regulation of those prices should be left to the State authorities.

Your committee has also made a study of the stock ownership and control of communication companies. That report in preliminary form was submitted on April 18, 1934. The report in final form, with the details of several hundred smaller companies, the Government Printing Office now has ready for distribution. In the light of this inquiry your committee drew House bill no. 8301. This bill was substantially the same as Senate bill no. 3285. The Communications Act was approved and became law June 19, 1934.

These inquiries into the ownership and control of operating companies in the fields of transportation by railroad, by pipe line, by copper wire, and through the ether have led me to certain conclusions as to holding companies and their relations to public-utility operating companies. A holding company is a corporation primarily organized to own securities issued by other corporations. Commissioner Walter M. W. Splawn, who was special counsel to the Committee on Interstate and Foreign Commerce during the holding-company inquiries, has defined the holding company as follows:

The holding company may be defined as any company which, by virtue of its ownership of securities, is in a position to control or substantially influence the management of one or more other companies; that is, a holding company is different from a mere investment company. An investment company buys securities as an investor would do and without any purpose of determining the policy of the management. But when a company, by virtue of its ownership of securities, is in a position to control or substantially influence the management of another company, it is properly classified as a holding company.

I think that is the best definition and best set-up of what a holding company is that I have ever heard.

Originally a corporation did not have the right to own stock of another company. At common law that was regarded as an unthinkable practice. Courts permitted banks to hold stocks which had been used as collateral only until they could be disposed of in the interest of the stockholders of the bank. Less than 50 years ago legislatures in New Jersey and other States began to authorize by general statutes the creation of corporations which would have the power to own shares in other companies. During the past generation the ablest legal talent in the country has been diligently devising ways and means by which the power of an artificial creature, a corporation, could be extended to control and own and deal in evidences of property rights and certificates of stock of other companies. The results of this ingenuity of able lawyers to persuade legislatures to write cunning statutes and courts to place shrewd constructions on those



statutes has given the American people a master in the form of the holding company. This master is soulless, impersonal, intangible, immortal, and wellnigh all-powerful. This creature of our statutes holds under its control billions of dollars' worth of property scattered throughout the country and sometimes around the world. Its decisions can shut down mills, move factories, reduce employees to a state of serfdom, strip the stockholders of local companies of their equities, siphon off the earnings of profitable companies, beyond the reach of their stockholders to the stockholders of other companies. This creature of our imagination is permitted to act as a normal person, to contribute to campaign funds in municipal, State, and national elections; to hire clever writers to carry on campaigns of propaganda, to centralize the control of industry. These creatures of our legal ingenuity are operated by a few clever men. They are used as the agencies for disfranchising stockholders of thousands of necessary and prosperous operating companies. They are used to take the control and direction of these local companies away from those who built them and place it in a city oftentimes far removed.

Through the simple device of pyramiding, a small investment by those in control of the top holding company enables them to do as they like with hundreds of millions, and in some instances even billions of other people's property. In one system the pyramiding goes so far as to pile one company on top of another until there are 10 corporations in the pyramiding, or the local operating company is 9 companies removed from the corporation at the top which controls it along with hundreds of others. In this particular set-up an investment of \$1 at the top enables the managers of the top to control over \$30,000 of book value of the operating companies, or with less than \$50,000 to control over a billion dollars of book value.

This company is the Associated Gas & Electric Co. In another set-up, by an investment of about \$23,000 at the top of the pyramid, book values of \$1,200,000,000 are controlled. This company is the Standard Gas & Electric Co.

This pyramiding, supplemented by the use of service contracts and sometimes other practices, has made for a concentration of management that is staggering to the imagination. In one office building in New York City, those in charge of a paper holding company, with a very small investment and scarcely any risk of their own capital, are able to control hundreds of operating companies scattered clear across the United States. This company is the Electric Bond & Share. They are able to say to those operating companies what they shall buy, from whom they shall buy, at what price, and with whom they shall engage services and contract for supplies.

Of course, they trade with their subsidiaries. They will appoint someone in the top company or in one of their service subsidiaries to be secretary of many of the important operating companies. We found one case in which a man was secretary or an officer in more than 200 corporations.

That was Mr. Summerson, of the Electric Bond & Share.

These paper companies at the top of the pyramid as a rule operate nothing. They claim that they are beyond the control of any State authority because they are not selling transportation or any public-utility service. They hold themselves out as investment companies. They have undertaken to get beyond the reach of government.

Let me recite some examples of the practices of these top holding companies:

First. They have been used in paper transactions to defeat assessments of income taxes to the Federal Government. The holding company appears to have been quite useful in creating fictions under which technical requirements of the Bureau of Internal Revenue could be circumvented.

Second. The holding company has lent itself to the abuse of paying its officers high salaries and bonuses, sometimes of astounding magnitude. In 1925 a man by the name of Foshay received \$306,000 in salary and bonuses.

Mr. Foshay was the head of the Minneapolis & St. Paul Co. I think since that date he has been detained in some Federal institution.

It turned out that the activities of his company became a national scandal. The ease with which the officers of a holding company, through salaries and bonuses and profits in intercompany trading in securities, are able to appropriate to themselves the earnings of operating utilities has been surpassed only by the secrecy of such actions. This secrecy was possible by reason of the holding company, and itself was an encouragement to avarice and irresponsible conduct.

Third. Another evil fostered by the holding company is fictitious stock subscriptions. Huge transactions have been effected by mere entries on books without any transfer of money or credit.

Fourth. It is in the power of the controlling holding company to make arbitrary apportionments of expenses to the operating companies. There is evidence that some holding companies apportioned to the operating companies the expenses of rendering services to them, and, at the same time, collected from the companies fees for the services.

Fifth. There have been abuses in the appraisal of properties by the service companies controlled by the holding company at the head of the system. The California commission in one case found appraisals of properties within that State which had been made under the direction of a holding company twice as much as the California commission could allow. Again and again there appear in rate cases throughout the different States so-called "expert" engineers and accountants who give testimony as to the value of operating properties. These experts frequently qualify as being in the employ of a corporation skilled in making appraisals. The truth is that the corporation is frequently a subsidiary of a holding company owning the operating company whose rates are in litigation, and these so-called "experts" take their orders from the management of the top holding company. Instead of the appraisals having been made by independent engineers, they merely amount to self-serving declarations.

Sixth. These self-serving appraisals of operating properties by service organizations owned by the holding company have lent themselves to write-ups of assets. These write-ups through juggling of accounts in response to appraisals under the control and at the direction of the holding company have contributed to the deception of investors, of State regulatory authorities, and of consumers.

Seventh. The contracts with a service company imposed upon the operating companies by the top holding company have in turn been capitalized according to the value which the convenience of the management of the holding company seemed to dictate. Such a capitalization of service contracts is reflected in the accounts and financial structure of the system.

Eighth. A holding company lends itself to an inequitable distribution of securities. The insiders, those who direct the top holding company, are able to benefit at the expense of other stockholders.

Ninth. The abuses in the use of publicity by the direction of managements of the holding companies has become scandalous. Note—

#### THE ADVERTISEMENT MEN BEHIND THE W. B. FOSHAY CO.

An idea always originates with one individual. Every activity, whether in business or in other avenues of experience, had its beginning with a single person. Run down the list of scientists and inventors—there was Newton and the law of gravitation, Watt and the steam engine, Fulton and the steamboat, Marconi's cable, Bell and the telephone. Modern business institutions, such as the W. B. Foshay Co., are no exception. This company began modestly in one small room in the National-Soo Line Building, Minneapolis. That was 10 years ago. Mr. Foshay had the idea; he put it into execution. It came to him after many years of actual experience in the public-utility and financial field. He knew the business of producing gas and electricity from the power plant and gas works up to the executive's duties. \* \* \* (Every one calls to mind the actor who was hired to impersonate a counselor to investors in a series of radio broadcasts.)



Tenth. Investors frequently do not distinguish between the regulated issues of securities by operating companies and the unregulated issues of the holding company at the head of the system. This confusion and the fact that the issues of the holding companies were not regulated resulted in losses to thousands of investors.

Eleventh. Holding companies have inflated their income by taking upon their books the earnings and the donated surplus of their subsidiaries without receiving the amounts in any form. These manipulations resulted in paying dividends out of what technically appeared to be earnings but which was in reality capital.

Twelfth. Manipulations of system securities by the top holding company have involved large purchases of stock by the holding company or its subsidiaries in order to support the market. Such manipulations have for a time resulted in fictitious market values and in a deception of the public. The reports on the top companies in the Insull system reveal a tragic collapse following huge manipulations which were prompted by misguided judgment, false pride, and overreaching personal ambition. The Insull debacle is an example of a successful and trusted management of large affairs having been destroyed through the manipulations and speculations made possible by reason of the existence of the holding company and the temptation to use it.

Thirteenth. The holding company has been able to earn large profits through contracts between a subsidiary service company and the controlled operating companies. There is now a wide-spread movement to render these services at cost, but so long as there is no possible dealing at arm's length, so long as contracts are dictated by the holding company which controls both the service organization and the operating companies served, just that long will the public have reason to fear that the charges to the operating companies for services are unfair.

Fourteenth. A holding company lends itself to imposition upon subsidiary operating companies through contracts for purchases of fuel and other supplies from corporations also controlled by the holding company or in which the holding company or some of its officers and directors have an interest. There are instances of where fuel for the operating company cost the operating company more than twice as much as it could have been had in the open market.

Fifteenth. The holding company, through service contracts, is able to require a local operating company to pay \$100 a day for the services of men who receive only \$20 a day for the services rendered. Such an imposition is effected by having the operating company actually pay the \$100 a day to experts performing the service. These experts, employees of the system holding company or its service subsidiary, turn the cash in to their company and receive their contractual wage of \$6,000 or \$7,000 a year.

Sixteenth. The holding company encourages financial houses as organizers and promoters to create companies and to encourage transactions profitable enough to the financial institutions but without justification in any resulting benefit to the utility companies involved. There are many instances of such organizers taking stocks at prices far below what they would bring on the market.

I am speaking here, and I hope your committee, when it brings in a bill here, will speak a little in the interest of the local communities.

Seventeenth. The directing holding company at the head of the system frequently makes improvident purchases of operating companies and carries the excessive price paid for operating properties into the consolidated balance sheet. Such improvidence may be due to misguided zeal in extending the sphere of influence of the system or to manipulations incident to cutting down income taxes or to the belief that an inflated capitalization can be carried into the valuation used as a rate base or to the desire of insiders to profit through a creation of a supply of securities to be thrust upon the speculative public. A startling instance is that of a holding company exchanging \$37,000,000 of its stock for \$1,000,000 of the stock of an operating company.

The whole country is aroused by this development of holding companies, and State governments stand helpless in the presence of these supercreatures. Whole States are served with power, with gas, with transportation by operating companies in the charge of employees who have no authority, no independence of judgment. They sometimes get good salaries, frequently they do not, and the rank and file of the employees are oftentimes underpaid. The people who complain of the high rates charged, or of the quality of the service, have to carry their complaints to the men who have no authority to act, who have to get on the telephone or write a letter to New York City, who are subject to removal by those in the top companies without notice, and who are frequently transferred from one part of the country to another. While the employees of these operating companies work without hope of promotion in blind alleys, while the users fret in vain over the prices charged or the quality of the service rendered, a few men in the top holding company enrich themselves and their families and favorites, flaunt their extravagance and make America a byword in the eyes of our neighboring countries by reason of the extravagance and vulgarity of these privileged people, sheltered by the most amazing legal edifice contrived in the history of mankind.

There is no absolute necessity for a holding company. Even the telephone industry, with a book value of \$5,000,000,000 in one system, has at its head an operating company. It is true, there are economies in large-scale management of certain industries. One operating company owns the natural-gas pipe lines that reach from the Gulf coast of Texas, near Corpus Christi, across Louisiana to Birmingham, Ala. This company is called the United Public Service Co. It is an operating company. It has replaced a large number of corporations. It deals directly with the communities served along its line. It should be owned by the people in those communities, subject to the regulation of the States and municipalities it serves. Instead, it is owned by another company called the United Gas Corporation. This United Gas Corporation is a paper corporation which in turn is owned by Electric Bond & Share Co. The president and managers of the United Public Service Co. furnish all the talent, so far as judgment is concerned, for the direction of the company's operations. They should be free to set up their own service organization or to contract with the lowest bidder. They should not be forced to deal exclusively with subsidiaries of the Electric Bond & Share Co. The president of the operating company should not have to go to New York in order to make a decision with reference to his own company. He and the board of directors of his company should be in charge of that property. Instead, they are merely the tools of the board of directors and president of the Electric Bond & Share Co. There should be regional operating companies in the gas business, in electric-light and power business, and in most of these utilities where the extent of operations is limited by the state of the arts. The size of these regions will be determined by the development of the arts, by how far it is most economical to transport or transmit goods or energy.

A company like the Niagara Hudson Co., of New York, with many units in the same area served by the local companies in that limited area, can no doubt achieve great economies through a centralized operation of these plants which are so near to each other, but there is no point to placing that company under the control of some other holding company which is also trying to operate another group of plants in another State; much less justification is there for having some holding company to pick up odd plants here and there without rhyme or reason in several States and undertake to persuade investors that they have an arrangement which lends itself to the economies of large-scale operation.

If these holding companies are permitted to buy operating companies anywhere in the United States, it is inevitable that the people served by these companies will look to Congress to regulate these top holding companies. If the



management of utilities which sell their services locally is to be subjected to some holding company in New York City, then the people of the country will turn to Washington for relief from the arbitrary decisions and the poor judgment of these self-appointed managers in the top holding companies. If we insist that the corporate entity shall coincide with the region or locality of most economical operations, as determined by the state of the arts, we can then leave to the States and to compacts of States the regulation of most of these utilities. We want you to consider whether or not the Congress should undertake to regulate these super-holding companies or lay down a policy under which they will disappear.

That is the problem first of myself and the 25 or 26 men who labor with me on this question.

They have issued bales of securities capitalizing the hope for profits. In an effort merely to regulate these companies utmost care must be used, lest by implication we put the stamp of approval upon all the stock-watering and unjustified inflation during the past 15 years.

Within a few days there will come from the Government Printing Office the remaining portions of the reports on this public-utility holding-company inquiry. I trust each Member will peruse with care the summaries with a view not only of getting an accurate picture of this tangled and expensive contrivance of the holding company but that they will also read the legal studies with a view to exploring how this Congress may, under our Constitution, discourage this cancerous growth on our body politic and remove it. It is a cancerous growth. If left alone, it will jeopardize all of our financial institutions and perhaps destroy the Republic. To remove it will cause some pain and a good deal of inconvenience to certain people, but it is better to subject a few to inconvenience than to leave in jeopardy the economic health and well-being of the entire country. The abuses of the holding company are indeed a major influence that brought on the great depression. Curtailing them and removing them is necessary to the recovery and to the future well-being and economic freedom of our people. [Applause.]

May I take just a moment before I yield to questions to say that in the Seventy-first Congress Mr. PARKER employed as counsel for our committee Dr. Walter M. W. Splawn, an ex-president of the University of Texas. This gentleman was made president of the university when he was 42 years of age. Before that he was a member of the Railroad Commission of the State of Texas.

I think every man who understands transportation or has made an understanding study of it will say that his investigation of the railroad holding company and the developments which he brought about is the most masterful document in that field that has yet been published. As you read his reports in these other fields of utilities you will find they are also masterly reports, and, speaking for the committee, and turning to some of my Republican colleagues whom I see over here, I think I may say that Dr. Splawn has the personal thanks of every member of the committee and should have the thanks of the entire Congress and the country for the diligent, patriotic, and masterful work that he has done. [Applause.]

I may say one other thing that is justified and repeat what Dr. Splawn said after he finished these investigations and his work in this connection before he went with the Interstate Commerce Commission, where I think he will do the same great work in that field which he has done in this. He paid this tribute to the committee, both majority and minority members. He had a pretty hard time getting some information. Some people said they were being pinched a little bit too hard and they were constituents of various members of the committee, but Dr. Splawn said:

I want to pay the membership of this committee this tribute. Not a member of the committee during all of the investigations has ever come to the counsel for the committee and asked him to relieve any of their constituents from answering any questions or submitting any data that was called for.

This investigation made by him under the direction of your Committee on Interstate and Foreign Commerce was

not made with a blare of trumpets. There were no public hearings, but in his own way he went to the books of every company in the United States, opened each and every one of them, and there, with his experts, worked out this story, not only of the railroad holding company but of the holding company in all other fields of utilities. [Applause.]

Mr. MAY. Mr. Speaker, will the gentleman yield for a question?

Mr. RAYBURN. Yes.

Mr. MAY. If I am not mistaken, I understood the gentleman from Texas to say that gas pipe lines have heretofore not been regarded or considered as common carriers.

Mr. RAYBURN. They are not under the law.

Mr. MAY. And not having been made common carriers under the law, and required by law to accept for transportation gas of independent producers, I am wondering if the gentleman's committee made any inquiry into the existence of cases where independent consumers have been required to take a monopoly price or one fixed price for gas produced in order to get it transported, and in this way the major pipe-line companies have been able to control and regulate the price of the farmers' gas in many communities.

Mr. RAYBURN. The gentleman means natural gas?

Mr. MAY. Yes; did you make any discoveries along that line?

Mr. RAYBURN. It may be embodied in the report somewhere. It has not been brought to my attention; but I may say this to the gentleman, and the same thing may be said about oil as well as gas: I was opposed last year, as everybody knows, to the Disney oil bill. I am not going to vote to make any one man dictator of the third largest industry in America, as was proposed in that bill. I am for the States, through compacts and through law, controlling the production of oil and its distribution if they can. I stand on the same footing with respect to natural gas, but if they cannot do it, then a higher authority must step in. Let me add this: Texas, of course, is the "devil" in the oil business. The east Texas field is what brought about all this talk of controlling the production of oil. There has been much said about "hot" oil. The State commission of Texas is trying to control this. The chairman of that commission is in the gallery here today, and he tells me that the State of Texas has control of the production and exportation of "hot" oil from that State; and in Texas, with an allowable of about 1,000,000 barrels, there was seeping out somewhere a little less than 15,000 barrels, which is infinitesimal compared with 1,000,000 barrels.

I did not intend to get on this subject, but I want to call the gentleman's attention to one thing about the oil business. The gentleman will find in the Cole report all the hearings and a sane report made by five as sane men as were ever appointed on a subcommittee to make any investigation by this Congress.

Mr. MAY. What I wanted to bring out was that some of these pipe lines have been controlling the price in the communities they control by reason of having a monopoly, because they are not common carriers.

Mr. RAYBURN. Some of these days I am going to talk about pipe lines and the divorcement of them and what you are going to have to do if you divorce them. [Applause.]

#### INDEPENDENT OFFICES APPROPRIATION BILL

Mr. WOODRUM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 3410, the independent offices appropriation bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. PARSONS in the chair.

Mr. McLEOD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. McLEOD: Page 1, line 7, strike out the word "namely" and insert in lieu thereof the following: "and that so much as may be necessary is hereby appropriated for the payment, effective January 1, 1935, to all officers and



employees of the Federal Government of the United States of full compensation without regard to the 5-percent reduction now in force."

Mr. WOODRUM. Mr. Chairman, I make the point of order that the amendment is out of order because it is not germane and because it affects the salaries of officers and employees who are not provided for in this bill, and also that it is legislation on an appropriation bill.

Mr. BLANTON. I make the further point of order that it is a change of existing law and not authorized on an appropriation bill.

Mr. McLEOD. Mr. Chairman, I wish to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. McLEOD. Mr. Chairman, my amendment merely increases the amount of money to be appropriated in this bill by a little more than \$30,000,000.

The increase carried in my amendment would provide the money to carry out the dictum and the theory of the President himself 6 months early. Such action is quite proper and fitting at this time, inasmuch as the Congress discredited the so-called "cost of living" theory when it restored two-thirds of the pay cut last year.

Mr. WOODRUM. Mr. Chairman, I make the point that the gentleman from Michigan is not discussing the point of order but the merits of the amendment.

The CHAIRMAN. The gentleman will confine himself to the point of order.

Mr. McLEOD. I merely repeat, Mr. Chairman, that this is only an increase in the appropriation as set up in the bill providing for the salary increases which are also contained in the bill and will amount to about \$30,000,000.

In addition, the President himself, in his Budget message, repudiated the present set-up for continuing the pay cut when he declared that it was not proposed to continue the 5-percent reduction after July 1, 1935, even though the index figure of the cost of living now indicates that such restorations in all probability would not even be justified for some time after that date.

Living expenses have greatly increased due to acts of the administration and Congress. The 5-percent decrease, or penalty of reduction, of salaries of Federal employees, inequitably and improperly made, was also the act of the administration and Congress.

When the President and we, the Congress, openly admit by official acts and statements that due to conditions that the President and Congress are responsible for, we must not penalize Federal employees by maintaining this 5-percent decrease in pay any longer than next July, I contend no further argument is necessary. Our obligation and duty is clearly defined. Let us assist in the fight for recovery and not retard it.

The CHAIRMAN. The Chair is ready to rule. Rule XXI, clause 2, sentence 2, of the House of Representatives provides:

Nor shall any provision in any such [appropriation] bill or amendment thereto changing existing law be in order except such as, being germane to the subject matter of the bill, shall retrench expenditures by the reduction of the number and salary of the officers of the United States, by the reduction of any compensation paid out of the Treasury of the United States, or by the reduction of amounts of money covered by the bill.

The amendment offered by the gentleman from Michigan seeks to not only increase the compensation of the officers and employees of the Federal Government provided for in the pending bill, but also seeks to increase the salaries and compensation of all the employees of the Federal Government, and in the opinion of the Chair is not germane. The amendment increases appropriations in the bill and does not retrench expenditures at all.

In addition to that, the Chair is of the opinion that the amendment contains legislative matter and is therefore subject to that point of order. The amendment being in violation of this rule, the Chair therefore is constrained to sustain the point of order.

The Clerk read as follows:

Contingent expenses: For contingent expenses of the Executive Office, including stationery, record books, telegrams, telephones,

books for library, furniture and carpets for offices, automobiles, expenses of garage, including labor, special services, and miscellaneous items, to be expended in the discretion of the President, \$50,350.

Mr. WOODRUM. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WOODRUM: On page 2, line 21, after the sum "\$50,350" and before the period insert, "of which \$5,000 shall be immediately available."

Mr. WOODRUM. Mr. Chairman, in explanation of the amendment I might say that it merely makes \$5,000 of the contingent fund of the President immediately available.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman explain the reason for that?

Mr. WOODRUM. The reason is that they need \$5,000 before the 1st of July.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

#### AMERICAN BATTLE MONUMENTS COMMISSION

For every expenditure requisite for or incident to the work of the American Battle Monuments Commission authorized by the act of March 4, 1923 (U. S. C., title 36, secs. 121-133), and by Executive Order No. 8614 of February 26, 1934, including the acquisition of land or interest in land in foreign countries for carrying out the purposes of said act and Executive order without submission to the Attorney General of the United States under the provisions of section 355 of the Revised Statutes (U. S. C., title 34, sec. 520); title 40, sec. 255); employment of personal services in the District of Columbia and elsewhere; travel expenses; rent of office space in foreign countries; the maintenance, repair, and operation of motor-propelled passenger-carrying vehicles which may be furnished to the Commission by other departments of the Government or acquired by purchase; printing, binding, engraving, lithographing, photographing, and typewriting, including the publication of information concerning the American activities, battlefields, memorials, and cemeteries in Europe; the purchase of maps, textbooks, newspapers, and periodicals, \$199,059: *Provided*, That notwithstanding the requirements of existing laws or regulations, and under such terms and conditions as the Commission may in its discretion deem necessary and proper, the Commission may contract for work in Europe and engage, by contract or otherwise, the services of architects, firms of architects, and other technical and professional personnel: *Provided further*, That the Commission may purchase supplies and materials without regard to section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) when the aggregate amount involved does not exceed \$500: *Provided further*, That when traveling on business of the Commission officers of the Army serving as members or as secretary of the Commission may be reimbursed for expenses as provided for civilian members of the Commission: *Provided further*, That the Commission may delegate to its chairman, secretary, or officials in charge of either its Washington or Paris offices, under such terms and conditions as it may prescribe, such of its authority as it may deem necessary and proper.

Mr. ENGLEBRIGHT. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman of the committee a question. Will the gentleman be kind enough to inform us the reason for the proviso with reference to the hiring of architects?

Mr. WOODRUM. Mr. Chairman, the Battle Monuments Commission is a Commission constituted under authority of Congress, as the gentleman knows, to erect monuments and memorials in the American cemeteries in Europe. That language authorizing the employment of architects and to make contracts is language that has always been carried in that appropriation. Under Executive order they are charged with the duty of repairing and the maintenance of those cemeteries, and the language is needed for the purpose, if there should be repairs and alterations, of giving them authority to do it.

Mr. ENGLEBRIGHT. Will this give them authority to hire foreign architects and foreign artists in connection with this work?

Mr. WOODRUM. It gives them the same authority they have always had since they have been erecting these monuments.

Mr. ENGLEBRIGHT. Is this new legislation with reference to that authority?

Mr. WOODRUM. Not at all. It is the same legislation that we have always carried for the Battle Monuments Commission.



Mr. DIRKSEN. Mr. Chairman, I rise to reserve the point of order pending an explanation of the provision on page 4, beginning with line 17:

That the Commission may purchase supplies and materials without regard to section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) when the aggregate amount involved does not exceed \$500.

I see that that same authority has been delegated to a number of these independent boards, giving them authority to purchase not to exceed \$50 irrespective of a certain chapter in the United States laws, ostensibly because certain economies could be effected. This provision calls for \$500 instead of \$50, as compared with the Interstate Commerce Commission, the Federal Trade Commission, and some of the other boards and commissions. It seems to me that it is giving them considerable authority to purchase up to \$500 of supplies or to incur a bill for services up to and including \$500 without having advertised for bids. Was that a misprint, or is it there intentionally?

Mr. WOODRUM. That is not a misprint. This is an activity in a foreign country, and the board presided over by General Pershing requested that authority of the Bureau of the Budget and made a showing that convinced the Budget Bureau and our committee that it was in the interest of efficiency and economy to give them some latitude in handling the purchase of supplies and materials for these foreign activities. That is a greater amount than we carry for our own bureaus and departments each year, but it is for a foreign activity, its purpose being to get rid of the red tape and delay caused by calling for bids over there for relatively small activities. It seems to me that it is desirable.

Mr. DIRKSEN. And in that connection I might inquire, insofar as the \$50 provision is concerned with reference to the other boards, whether that will apply to the field and the branch offices of these boards?

Mr. WOODRUM. This applies to foreign countries.

Mr. DIRKSEN. But as far as the \$50 authority is concerned, that is a matter that has come up a good deal this summer, where use was made of that authority in buying supplies.

Mr. WOODRUM. It gives purchasing authority to the board, and the right to contract up to \$50.

Mr. DIRKSEN. Then there is the delegation of authority on page 5, where the Commission is authorized to delegate all of its authority to the chairman or secretary or officials engaged either here or in foreign countries. That seems to be a rather broad delegation of authority, provided it involves also authority to make expenditures.

Mr. WOODRUM. It is a broad delegation of authority, and again, this is an unusual activity. The chairman is sometimes in America and sometimes in Europe, and sometimes in different parts of this country. General Pershing is the honorary chairman of the Commission, and it seems to me necessary to give him that authority in order to carry out properly the activities of the Commission.

The Clerk read as follows:

For all printing and binding for the Civil Service Commission, including all of its bureaus, offices, institutions, and services located in Washington and elsewhere, \$75,000, of which not to exceed \$20,000 shall be immediately available.

Mr. WOODRUM. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WOODRUM: On page 7, line 23, after the sum of "\$75,000" but before the comma, strike out the remainder of the paragraph except the period.

Mr. WOODRUM. Mr. Chairman, the effect of the amendment is to eliminate the language that was carried last year, making \$20,000 of this fund immediately available. It was not necessary to carry it this year.

The amendment was agreed to.

The Clerk read as follows:

Total, Employees' Compensation Commission, \$4,719,000.

Mr. ROBSION of Kentucky. Mr. Chairman, I move to strike out the last word. I would like to get some information from the chairman of the subcommittee. Is it under

this act that the Compensation Board is permitted to pay for the destruction of property by members of the Civilian Conservation Corps?

Mr. WOODRUM. This act deals solely with injuries to employees of the Government; members of the Civilian Conservation Corps, of course. It has nothing to do with any property damage.

Mr. ROBSION of Kentucky. Nor with injuries to citizens?

Mr. WOODRUM. No, sir.

Mr. ROBSION of Kentucky. At this moment I just want to take a little of the time of the House. I do not know at this time what committee of the House has jurisdiction. I have been advised that under the Conservation Act the Government will pay for the destruction of property by the C. C. C. boys, but it will not pay anything for injuries done to citizens. Quite a number of those cases have taken place in my district within the last year, and in one case particularly one of the young fellows, it was said, was intoxicated and was driving a truck on a rainy day at some 65 miles an hour. He came around a curve and struck an automobile driven by a citizen and caused a concussion of his brain and rendered helpless for life the other two persons in the automobile.

I took the matter up with the proper authorities of the Government and they assured me that the Government would pay the reasonable market value of the automobile, which was \$200; but they had no authority to make any settlement for any injury to these three citizens.

It seems to me that the committee having authority to write the law in this matter should amend the law. One of those men was a railroad man engaged in the operating department of the railroad. He had a family. He is permanently and totally disabled. The other two men were farmers, and they are in the same condition. Now, it seems to me that if one of the Government's servants is drunk and negligent and does that kind of an injury to a citizen there should be some redress, more than simply taking care of an old automobile.

Mr. WOODRUM. The gentleman will recall doubtless that the redress usually is by a private bill.

Mr. ROBSION of Kentucky. But the gentleman from Kentucky, having served for nearly 12 years in this House, knows that method of redress does not mean anything, scarcely.

Mr. WOODRUM. It is hard to get it through, of course.

Mr. ROBSION of Kentucky. It is almost impossible to get them through.

Now, I spoke of one instance. There are three or four other instances which have occurred within my district in the past year.

Mr. BLANTON. Will the gentleman yield?

Mr. ROBSION of Kentucky. I yield.

Mr. BLANTON. The gentleman, through his long service here, knows that this is an appropriation bill coming from an appropriations committee, and it is simply to carry out what the Congress has authorized to be done by legislation.

Mr. ROBSION of Kentucky. Yes; I understand that.

Mr. BLANTON. The matters which the gentleman speaks of are matters which require adjudication to determine liability and the amount of damage, and not matters of appropriation which this committee can handle.

Mr. ROBSION of Kentucky. Oh, I said the committee of this House which has jurisdiction of the matter. I am simply calling the attention of the Members of the House and of that committee to the fact that it seems to me that this law should be amended to take care of injuries to such persons in these cases.

Mr. DIRKSEN. Mr. Chairman, I rise in opposition to the pro forma amendment for the purpose of asking the chairman of the subcommittee a question. May I ask the gentleman from Virginia [Mr. WOODRUM] with respect to this particular section dealing with compensation for the emergency employees in the Civilian Conservation Corps? My experience in the last 3 or 4 months has been that a number of very aggravated cases have come to attention,



which were submitted to the Board. They have been pending now for a long time, and there seems to be a very decided reluctance on the part of the administrative board to do anything for them.

Mr. WOODRUM. The gentleman means the Compensation Commission?

Mr. DIRKSEN. Yes. If those boys who are working in the Civilian Conservation Corps are injured, they should be taken care of. There are cases where hernias have been incurred through heavy lifting, and the men can get no hospitalization or compensation whatever. I have been wondering if the amount appropriated is adequate or whether the lack of funds is the reason for the reluctance on the part of the Board to do anything for them.

Mr. WOODRUM. It is not on account of lack of funds. Of course, the Congress has already authorized the fund. This is simply appropriating money that has already been authorized.

Mr. DIRKSEN. Then there is no reason why they should not dispose of these meritorious cases without delay?

Mr. WOODRUM. Not because of lack of funds.

Mr. DIRKSEN. Does the gentleman know, off hand, how many of those cases are in hospitals at the present time, how many of them have been disabled, and how many death claims have been paid? Perhaps the gentleman covered that during my absence from the Chamber, and if so, the RECORD will disclose it, but if he has the figures available I would appreciate it very much if he would give them to me at this time.

Mr. WOODRUM. A total of 10,556 cases was reported to October 31, 1934, which does not include a far greater number of cases where the duration of disability was less than 15 days. There were 941 death cases, but only 330 have been allowed. So the gentleman will see there has been quite a large number of cases, which has greatly increased the administrative work of this Compensation Commission.

Mr. DIRKSEN. But the amount appropriated is adequate for all purposes?

Mr. WOODRUM. The amount appropriated is adequate for all purposes, in our judgment.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. DIRKSEN] has expired.

The pro forma amendment was withdrawn.

The Clerk read as follows:

#### FEDERAL COMMUNICATIONS COMMISSION

For seven commissioners, and for all other authorized expenditures of the Federal Communications Commission in performing the duties imposed by the Communications Act of 1934, approved June 19, 1934 (48 Stat., p. 1064), the Ship Act of 1910, approved June 24, 1910, as amended (U. S. C., title 46, secs. 484-487), the International Radiotelegraphic Convention (45 Stat., pt. 2, p. 2760), and Executive Order No. 3513, dated July 9, 1921, as amended under date of June 30, 1934, relating to applications for submarine cable licenses, including personal services, contract stenographic reporting services, rental of quarters, newspapers, periodicals, reference books, law books, special counsel fees, supplies and equipment, including purchase and exchange of instruments, which may be purchased without regard to section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) when the aggregate amount involved does not exceed \$25, improvement and care of grounds and repairs to buildings, not to exceed \$5,000, traveling expenses, including expenses of attendance at meetings which in the discretion of the Commission are necessary for the efficient discharge of its responsibilities, and other necessary expenses, \$1,500,000, of which amount not to exceed \$1,060,000 may be expended for personal services in the District of Columbia.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: Page 11, line 18, after the first comma, strike out "\$1,500,000" and insert in lieu thereof "\$1,200,000."

Mr. TABER. Mr. Chairman, I view with great alarm the increasing volume of Federal employees. I view with great alarm the increasing amounts we are being asked to pay for commissions of one kind and another. This particular Commission has come before us asking for \$1,500,000, where the requirements for the current year were \$651,885. I have not before me the increase that was accomplished for this particular fiscal year, but the requirements here set forth for

employees run 408 in the departmental force. This represents an increase of 100 percent in the number of employees. It runs just the same force in the field.

The requirement in funds for employees in the District is \$1,059,000, or an average for every one of these employees of a little better than \$2,500. For salaries in the field it aggregates \$291,000 for 111 employees, or an average of approximately \$2,800 per employee, and many of these employees are clerks and stenographers.

The work of this Commission involves, as I understand, amongst other things a valuation of properties. We attempted that in the case of the Interstate Commerce Commission with reference to the railroads, and we got to the point where the statistics were practically valueless and we had to stop the operation. I hate to see the Government embarking upon this large new activity. I hate to see the expenses of the Government piling up for a new activity, because when we start them we are never able to reduce the number of commissions and we are never able to reduce the expenses of the commissions. Is it not time we stopped some of these things?

I have offered a very modest amendment to cut this appropriation 20 percent. I do not want to reduce them in funds that are legitimately necessary for carrying on the activities and responsibilities with which they have been entrusted, but I hate to see the appropriation increased 150 percent over the appropriation of last year and the number of employees in the District more than doubled, with the same ratio of increased expenses in the District. It seems to me we can give them this cut of 20 percent in their expenditures and still be affording them more than ample funds with which to operate. Having all this in mind I have offered this amendment to reduce the appropriation for this activity from \$1,500,000 to \$1,200,000, and I hope the Committee will adopt the amendment.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, the Communications Act of 1934 abolished the Radio Commission and set up in its stead the Federal Communications Commission, a Commission which assumed not only the duties of the Radio Commission but which was given the added duties of regulating telephonic, telegraphic, and cable communications, and also rate-making powers with respect to these activities, which duty will perhaps involve the valuation of these properties.

I do not think it is fair to say that the amount carried in this bill is an increase over the appropriation of last year by the amount of money represented by the difference between the two sums, because the activities are entirely different and very much greater.

I join the gentleman from New York in decrying any indication of unnecessarily expanding these governmental departments and bureaus, and that is the unanimous sentiment of my subcommittee; but taking into account the very important, the highly important, duties imposed upon this Commission so far as the American people are concerned, that of regulating rates, and services of communications and facilities, and regulating, licensing, and policing the use of radio communication, the committee felt the amount allowed by the Bureau of the Budget was proper. I hope the Committee will ratify the action of the subcommittee and of the Appropriations Committee.

The CHAIRMAN. The question is on the amendment of the gentleman from New York.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 29, noes 62.

So the amendment was rejected.

The Clerk read as follows:

#### FEDERAL HOME LOAN BANK BOARD

For salaries and expenses of the Federal Home Loan Bank Board, including printing and binding, \$264,043: *Provided*, That expenditures from this appropriation shall not exceed the amounts collected and deposited in the Treasury as miscellaneous receipts from assessments upon the Federal home-loan banks.

Mr. WOODRUM. Mr. Chairman, I offer an amendment,



The Clerk read as follows:

Amendment offered by Mr. WOODRUM: On page 12 of the bill, strike out lines 2 to 7, inclusive, and insert in lieu thereof the following:

"For salaries and expenses of the Federal Home Loan Bank Board, including personal services in the District of Columbia, printing and binding, traveling expenses, rents, furniture and equipment, law books, books of reference, periodicals, newspapers, maps, contract stenographic reporting services, telephone and telegraphic services, and all other necessary expenses of the Board, \$264,043: *Provided*, That expenditures from this appropriation shall not exceed the amounts collected and deposited in the Treasury as miscellaneous receipts from assessments upon the Federal home-loan banks."

Mr. BLANTON. Mr. Chairman, I reserve a point of order on the amendment offered by the gentleman from Virginia [Mr. WOODRUM].

Mr. WOODRUM. Mr. Chairman, in explanation of the difference in the language, may I say when the language as contained in the printed bill was sent up by the Bureau of the Budget, the Home Loan Bank Board and the Budget were under the impression that the Board had authority under the law to expend their funds for the specific purposes set out in this new language. The new language does not in any way change the appropriation. It merely outlines the purpose for which the money may be spent. The \$264,000 is merely reappropriated out of funds that have been paid into the Treasury by fees from the member banks.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. WOODRUM. I yield to the gentleman from Massachusetts.

Mr. MARTIN of Massachusetts. Have they been spending money for this purpose in the past?

Mr. WOODRUM. Yes.

Mr. MARTIN of Massachusetts. This is nothing new?

Mr. WOODRUM. Nothing new whatever.

Mr. O'MALLEY. Does their salary come out of this appropriation? The word "expenses" includes their salaries? The \$264,000 is the item out of which the members of the Board get their salaries?

Mr. WOODRUM. That is correct.

Mr. DONDERO. Will the gentleman yield?

Mr. WOODRUM. I yield to the gentleman from Michigan.

Mr. DONDERO. Does this amount anticipate the expansion or extension of the Home Owners' Loan Corporation by a new appropriation of money?

Mr. WOODRUM. This does not affect the Home Owners' Loan Corporation. This is the Home Loan Bank Board, the parent board.

Mr. DONDERO. Does that Board have charge of the Home Owners' Loan Corporation business?

Mr. WOODRUM. It does; yes.

Mr. DONDERO. If the Home Owners' Loan Corporation is expanded or extended by a new appropriation of money and new business added, will that increase the expense or will this take care of the matter?

Mr. WOODRUM. I do not think this will affect the expense at all. It will affect the expenses of the Home Owners' Loan Corporation through its regional offices.

Mr. DIRKSEN. The Board serves in a dual capacity and receives no money whatsoever for its second office?

Mr. WOODRUM. That is right.

Mr. BLANTON. Mr. Speaker, I offer an amendment to the amendment offered by the gentleman from Virginia. I move to strike out the amount "\$264,043" and insert in lieu thereof the sum of "\$1."

The Clerk read as follows:

Amendment by Mr. BLANTON to the amendment offered by Mr. WOODRUM: "In the Woodrum amendment strike out '\$264,043' and insert in lieu thereof '\$1.'"

Mr. BLANTON. Mr. Chairman, I had intended to move to strike out this paragraph, but that is not possible, since the gentleman from Virginia [Mr. WOODRUM] has offered his amendment, because after the vote is taken on his amendment, then, from a parliamentary standpoint, a motion to strike out the whole paragraph would not be in order.

Mr. Chairman, I am just as much in favor of a proper Home Owners' Loan Corporation and the relief that it is presumed to afford our people back home as any man in Congress or in the United States. I was just as strong an advocate of that proposition when we passed it as any man in the Nation. I helped to support it; I helped to pass it and helped to cause this Board and Corporation to be created and formed. I was in favor of appropriating and helped to appropriate the money that made up its capital stock, several hundred million dollars of the people's tax money. I was in favor of the proposal that authorized that Corporation to pledge the credit of your country and mine to the extent of \$2,000,000,000 of bonds, and the credit of this Government has been pledged to that amount, for we have guaranteed those bonds.

I am in favor of continuing that relief to the people suffering throughout the land, whose homes have been threatened with foreclosure, and thousands of whose homes have already been foreclosed and taken away from them since this Corporation has been pretending to function.

Mr. DIRKSEN. Will the gentleman yield?

Mr. BLANTON. I have only 5 minutes, otherwise I would gladly yield. I do not want to take up too much time of the Committee.

If you will look at pages 360 and 361 of the new Congressional Directory, it will be seen that the officers of this Federal Home Loan Bank Board are identically the same men who form the officers of this Home Owners' Loan Corporation. They are the same men; they are one and the same, and they are the ones who took this several hundred million dollars of public money out of the people's Treasury for their capital stock. They are the ones who took over the credit of the United States to the extent of \$2,000,000,000 for their bonds.

They are the ones who have been appointing their own numerous high-salaried private appraisers sent out from their home offices. They are the ones who let you and me appoint a local appraiser in each county and then paid no attention to him. They are the ones who sent to Dun & Bradstreet to get a private commercial report on some poor washerwoman in your district who needed a small loan to save her little home, and whom the commercial reporting agency never heard of before and could not get an accurate report on in any event. They are the ones who have been delaying the applications that were filed in the fall of 1933 and held up and pigeonholed for months and months and shunted aside with red-tape delays all of the year 1934, and now the applicants are notified that they will not consider any more applications because they have not reached their legal department. They are the ones who have shiftlessly allowed mortgages to foreclose and take thousands of homes from deserving Americans during the last 12 months.

Mr. RANDOLPH. Will the gentleman yield?

Mr. BLANTON. I am in hopes the Chairman will give me a little more time.

Mr. O'MALLEY. They are the ones also that have been tipping off the building-and-loan companies in advance to the good homes so that they may foreclose before the loans can be passed through the Corporation.

Mr. BLANTON. I would not go that far, but I know that they have been taking care of many friendly institutions.

Mr. RANDOLPH. In support of the contention of the gentleman from Texas, that needless delays have been prevalent, I would like to say that in my district there was an application filed in November of 1933 for a loan amounting to \$4,000 upon property that was worth \$15,000. They told me at the Washington office this morning, after 14 months' time, that they will expedite the matter. That is but one of hundreds of such cases, bringing not needed relief but tragedy and despair to honest home owners.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Chairman, I ask unanimous consent that the gentleman may have 5 additional minutes.



Mr. DIRKSEN. Mr. Chairman, reserving the right to object, will the gentleman yield for a question?

Mr. BLANTON. Mr. Chairman, I ask unanimous consent that I may proceed for 10 minutes so I may yield for questions.

Mr. WOODRUM. Mr. Chairman, reserving the right to object, I gave the gentleman a lot of time yesterday—

Mr. BLANTON. For which I am deeply grateful to my friend. I am depending on the usual graciousness of the gentleman from Virginia. [Laughter and applause.]

The CHAIRMAN. The gentleman from Texas asks unanimous consent to proceed for 10 additional minutes. Is there objection?

There was no objection.

Mr. BLANTON. I now yield to the gentleman from Illinois.

Mr. DIRKSEN. May I observe that I do not yield to the gentleman from Texas insofar as my solicitude for these home owners is concerned, but, precisely, how are you going to translate your solicitude for their relief into action by merely chopping off the Federal Home Loan Bank Board, whose first function is to administer the 3,500 building-and-loan associations who are members of the Federal Savings and Loan Board and the Federal Home Loan Board?

Mr. BLANTON. I will answer the gentleman in four words. It is psychological discipline. [Laughter and applause.]

There is but one way for you to let this autocratic, arrogant Board down here understand that there is a House of Representatives here whose Members are elected every 2 years by the people and sent here to look after the rights of the people, and to let them know that when they override the rights of the people they are going to hear from the men on the hill. [Applause.]

I know well our good friend from Roanoke [Mr. WOODRUM]. There is not a finer man in this entire Congress. There is no Member abler or more valuable. He is one of the most loyal administration men you ever heard of. And so am I. But he is chairman of this committee. This is his bill. It is his duty to protect appropriations in this bill for the administration family, and he thinks that he is bound to protect every little bureau in Washington, and that it is his duty to protect them. It is his duty to protect this bill, and it is my duty to help him protect it. And I do help him protect it. You try to put something in this bill that increases appropriations or add legislation that is not in order and see how quickly I shall help him protect his bill by making a point of order. Naturally, he is going to have to vote against us when deep down in his heart I know he feels just like I do, and down deep in his heart he would like to pick these fellows up and spank them just like I would like to pick them up and spank them.

Now, we have but one way to let them understand that they must carry out the purpose, intent, and will of Congress and must look to Congress for their activities and the scope and manner in which they may handle their business, and that is to cut off their pay when they do not behave; and, if you take this salary money away from them, even though they may come down here and assure us they will do right in the future and we may put it back when we get that assurance from them, you will find it will influence them to give us such assurance. It will have a splendid effect on them. Then we will put it back. [Applause.] You take this \$264,000 away from them and let them crawl on their bellies up to the Senate, and you will see them change their arrogant ideas immediately. [Applause.]

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. SHORT. Why does not the very hard-working, distinguished gentleman from Texas request his imperious leader in the White House to discharge the present Board and appoint a new one?

Mr. BLANTON. I will tell you what I believe we ought to do if they do not change their modus operandi. I am going

to vote when the time comes to provide another \$1,000,000,000 to save the homes of worthy Americans. There must be some means of relief for the thousands of worthy home owners who are now losing their homes in all parts of the United States, and I am going to vote to do that, but I want proper men to administer it. I want these men down here to change their autocratic, listless, inefficient way of handling public business, and if they do not change I am going to be one of those who are going to ask the President of the United States to remove them from office, every one of them. And then, if the President does not remove them, I am going to exercise my prerogative, on my responsibility as a Member of this Congress, to come here on this floor and impeach them for their high crimes and misdemeanors and the way they have been mismanaging the people's business. [Applause.]

Mr. SHORT. Old men do not change their ways; you must change the men.

Mr. BLANTON. If you want to change them right quickly, just take their \$264,000 salaries away. [Laughter and applause.]

Why, they say they are not amenable to Congress. They say that you have no control over them because they are a corporation. Why do their names appear here in our Congressional Directory as Government institutions, and why do their salaries come through this bill, the first bill that is passed in the Seventy-fourth Congress, appropriating \$264,000 to pay their salaries?

Let us outvote Clif this time. He will not mind it. He will pat us on the back when he gets out of here. [Laughter.] Oh, when he takes the floor to answer me he will give me the devil here directly and say I ought not to do this, but for the moment let us take this \$264,000 out and then you are going to see a change of heart. You will have every one of these fellows up here taking a front seat on the mourners' bench and you will find hereafter that when we go down there with a meritorious case they will look into it.

They will not treat you like they did our good friend from Cleveland [Mr. SWEENEY] when he went down there and asked them to show him the record in a case from his district and was told in an autocratic way that that was something he could not see as a Member of Congress.

Mr. SWEENEY. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. SWEENEY. He was also told it might embarrass the bankers to have the information given out.

Mr. BLANTON. Yes. But our colleague [Mr. SWEENEY] told them enough that in less than an hour they showed him what he went there to see.

You have got to show these bureau chiefs that they must respond to the Representatives in Congress. [Applause.]

Here is the way to make them pay attention to you—let us strike this \$264,000 salary item out, and we will ultimately furnish plenty of money for salaries and expenses for the right kind of officials and the right sort of an organization. [Applause.]

The CHAIRMAN. The question is on the amendment of the gentleman from Texas [Mr. BLANTON] to the amendment of the gentleman from Virginia.

The question was taken, and the Chair announced that the amendment was agreed to.

Mr. WOODRUM. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. BLANTON. My amendment carried almost unanimously.

Mr. WOODRUM. I was on my feet asking for recognition when the Chair put the question. I oppose the amendment of the gentleman from Texas.

Mr. BLANTON. The gentleman has the right to be heard, although my amendment passed by almost a unanimous vote.

The CHAIRMAN. Without objection, the vote on the amendment will be vacated, and the Chair will hear the gentleman.

Mr. WOODRUM. Mr. Chairman, I ask that all debate on this amendment close in 10 minutes.



The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Chairman, I appreciate the good humor and the spirit of revelry that pervades the House of Representatives, but I have seen this body in that mood when we all feel good and happy over a witty speech like that by the irresistible gentleman from Texas [Mr. BLANTON], and I have also seen this body in that mood do some ridiculous things.

The gentleman from Texas is peeved at the Home Loan Bank Board because they did not appoint some appraiser for him.

Mr. BLANTON. Oh, no. They appointed the 19 appraisers and the 19 county attorneys I selected for my 19 counties. They boycotted one appraiser wholly without cause. I am after them because of their delays, their inefficiency, their incompetency, their arrogancy, and injustices.

Mr. WOODRUM. I do not yield to the gentleman. He must either sit down and listen to me or go outside. [Laughter.] The gentleman from Texas is peeved because the Board did not make loans that he thought ought to be made. I am willing to grant that they treated him badly in both instances, but in the next breath he says he is willing to give them another billion dollars. What would be the use of that if you do not give them a loan board to administer that fund? That is not the way to discipline the Home Loan Bank Board. The way is to lay down rules and regulations as to the way the Board shall operate. We have got to have a Home Loan Bank Board or some other board to relieve the stricken home owners of this country. How can you stand up here and vote to take away the Board so they cannot administer the funds that they now have? It is a ridiculous, silly, and childlike proposal. Let us proceed in a regular and orderly way.

Mr. O'MALLEY. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. O'MALLEY. Cannot we find enough dollar-a-year men to take their place?

Mr. WOODRUM. No; you could not find dollar-a-year men to take their place. It is a highly important work, and we need this Board to operate. We have a right, and it is our duty, to compel them to carry out the will of Congress; but withholding the appropriation is not going to do it. We know perfectly well that the country would laugh at this body for doing that, and the other body of Congress would immediately reinstate it.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. McFARLANE. It was brought out in debate here yesterday by the gentleman from Missouri [Mr. COCHRAN] that this Board, under its regulations, has provided enough for overhead in the difference between the rate of interest they charge their patrons and that which they have to pay on their bonds. In that way they get enough to pay the overhead of the Home Owners' Loan Corporation. I think we ought to let them spend their own money for a while and see how they get along with it.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. MICHENER. And does not the gentleman think that the debate has served the purpose which the gentleman from Texas [Mr. BLANTON] intended it to serve?

Mr. WOODRUM. I am quite confident it has.

Mr. BLANTON. And I am about willing to admit that since the gentleman from Virginia said it is our duty to compel them to carry out the will of Congress—

Mr. MICHENER. And that was the only purpose of the gentleman from Texas in bringing the matter to the attention of the country. He did it with no expectation on his part that his amendment would prevail.

Mr. WOODRUM. I am sure that that is a fact.

Mr. BLANTON. It will accomplish good whether it prevails or not.

Mr. WOODRUM. The gentleman from Texas will receive box-car headlines this afternoon and tomorrow for his spanking of the board, and I am quite sure that he will be highly delighted.

Mr. BLANTON. Oh, the gentleman from Virginia knows that no newspaper in Washington mentions my name, or any work I do here, except to criticize me, and that does not deter or bother me one bit. But it is a fact that this Federal Home Loan Bank Board is going to learn that practically every Member here is dissatisfied with its delays and incompetency, even though we may still provide for their salaries in this bill. Remember that this Board has all the money it needs until July 1. This money that we are now appropriating is not available until July 1. This bill does not provide any money for it until next July. We are now appropriating for the fiscal year of 1936. The Board has all it wants until July 1, and before the Senate would put this salary item back the gentleman will find a lot of psychological good has been accomplished.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. DIRKSEN. Mr. Chairman, this is not the first time that my good friend, the philosopher from Texas [Mr. BLANTON], has administered psychological discipline to some agency of the Government. It was done a number of times, I think, in the course of the Seventy-third Congress. But I still insist that this amendment to the amendment is nothing but a grand futility and is not going to accomplish what the gentleman from Texas has in mind. The gentleman from Texas will bear me out that I was one of those in the Seventy-third Congress who stripped the hide from this Home Owners' Loan Corporation, for we had the filthiest mess in the State of Illinois that the mind of man could conceive.

Mr. KRAMER. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. No. And I came on the floor in conjunction with Mr. YOUNG and began to tear the mask from this thing and dispose of that filthy mess and the chicanery of some of those officials. I came to Washington specially this last summer to air abuses in the H. O. L. C., and had the present chairman of the Home Owners' Loan Board refer to me in anything but a complimentary way. So I hold no brief for this Board. This amendment, however, is not the way to get to it. After all, this money is but a reappropriation of a fund that constitutes an assessment upon some 3,100 building-and-loan associations that are members of the Federal Home Loan Board, and so this is, for all practical purposes, their money. Therefore you are not only not going psychologically to discipline this Board, but you are going to destroy the efforts of the building-and-loan structure in this country and all the building-and-loan associations shall contribute to this fund; and so I say that while I have no brief for this Board, you do not serve your constituents, you do not do a bit of good to effect further relief for the home owners of this country in their distress by passing this futile kind of an amendment to the amendment offered by the gentleman from Texas, and I hope you will vote it down.

Certainly I am not satisfied with the manner in which the Home Owners' Loan Corporation has been administered. First of all, the State of Illinois has thus far received far less than its proportionate share of the money and bonds appropriated to relieve distressed home owners. Secondly, there was such undue emphasis upon the immediate ability of the applicant to repay the money borrowed, without regard for his prospective or future capacity to pay, that the very folks who needed loans could not procure them.

The Congress, in enacting the Home Owners' Loan Act, had in mind the distressed folks who had been foreclosed or who were in immediate danger of foreclosure, the folks who were unemployed and could not pay building-and-loan or mortgage installments, the folks whose credit rating by virtue of adversity born of the depression had been impaired.

Yet, the maze of regulations invoked by the H. O. L. C. made it possible for those applicants to procure loans who were not in the direst need and denied relief to those who were. By virtue of the multiplicity of regulations devised for the



guidance of branch and regional offices, the person who made application for a loan had to show an earning power sufficient to meet the monthly installments on the mortgage, had to show a favorable credit rating, and for all practical purposes had to show those things which would easily have qualified such applicant for a loan from any lending institution. The H. O. L. C. has therefore shot wide of its mark and left thousands of people in despair and without relief.

I am deeply sensible of the needs of the home owners in Illinois and know the pathos and tragedy that has been the lot of many. This Congress cannot now abandon them to their despair. It cannot disappoint the home owners who are still hoping for relief, and I join with the distinguished Member from Texas in that regard.

However, to cut this appropriation to \$1 and seek thereby to extinguish this Board would only imperil the operations of the Federal Home Loan Bank Board, which in its capacity as an administrator of the system for advancing money to private building-and-loan associations is altogether different from the Home Owners' Loan Corporation as such.

The CHAIRMAN (Mr. BULWINKLE). The question is on the amendment to the amendment.

Mr. FITZPATRICK. Mr. Chairman, I ask unanimous consent that the amendment, together with the amendment to the amendment, be again reported.

The CHAIRMAN. Without objection, the Clerk will again report the amendment and the amendment to the amendment.

There was no objection; and the Clerk again reported the Woodrum amendment and the Blanton amendment to the Woodrum amendment.

The CHAIRMAN. The question is on the amendment to the amendment.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 28, noes 127.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Virginia.

The amendment was agreed to.

The Clerk read as follows:

Total, Federal Power Commission, \$312,600.

Mr. DUNN of Pennsylvania. Mr. Chairman, I move to strike out the last word. Undoubtedly every Congressman in the United States has received letters from his constituents telling him that they are losing their homes; that they had made application to the Home Owners' Loan Corporation for a loan and that their applications had been rejected. I know there is not a Congressman in the United States who has not made a gigantic effort to help his unfortunate constituents. When the home owners' loan bill was enacted into law, it was intended to give relief to people who were losing their homes. If the Home Owners' Loan Corporation is not going to take care of the unfortunates who make application for a loan and who are unemployed, then show me where it is a relief measure.

While I was in Pittsburgh, people came to my office and said, "Mr. DUNN, I cannot get a loan. The reason they will not give me a loan is because I cannot guarantee that I will be able to pay the principal and interest." I believe it is the duty of the Federal Government to make it possible for every person to obtain a loan from the Home Owners' Loan Corporation who is in danger of losing his property, regardless of whether he can guarantee that he will be able to pay the principal and interest. It is not a relief measure unless we save the homes of the unemployed. [Applause.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

Emergency boards: For expenses of emergency boards appointed by the President to investigate and report respecting disputes between carriers and their employees, as authorized by section 10, Railway Labor Act, approved May 20, 1926 (U. S. C., Supp. VII, title 45, sec. 154), \$25,000, together with the unexpended balance of the appropriation available for this purpose for the fiscal year 1935.

Mr. WOODRUM. Mr. Chairman, the gentleman from Iowa [Mr. WEARIN] had an amendment which he desired to offer in connection with the National Advisory Committee for Aeronautics, on page 20. I ask unanimous consent to return to that paragraph.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WEARIN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: On page 20, in line 14, strike out "\$820,800" and insert in lieu thereof "\$707,792."

Mr. WEARIN. Mr. Chairman, I desire to thank the gentleman from Virginia [Mr. WOODRUM] for his courtesy in permitting me to return to this paragraph.

I do not desire the House to assume for a moment any hostility on my part toward the progress of this country in the improvement of our air force or the development of aeronautics in the United States, as quite the contrary is the case, but there are a few things involved in this particular section that I desire to discuss briefly.

It will be noticed on page 9 of the report, under the heading of salaries and general expenses, the bill carries for this activity the Budget estimate of \$820,800, an increase of \$113,008 above the current appropriation. It is that increase that I seek to strike out.

Now, quoting a little further from the report, I find this statement:

Seventeen thousand dollars is for additional electricity to operate new equipment which has been provided under an allotment of Public Works Administration funds.

And so forth, detailing the various items, and at the bottom of that statement:

Including \$29,500 for the construction of models for experimental purposes.

Now, in the first place, there is some doubt in my mind as to the manner in which this particular set-up has been functioning. I have fairly reliable information to the effect that some of the members of that particular group have been touring the continent of Europe on a trip which, to my mind, is entirely unnecessary when the taxpayers are paying the bill. At least, the action is a bit ill-advised at this particular time.

Furthermore, I desire to point out to the Congress that we have already a Bureau of Air Commerce under the head of the United States Department of Commerce. We also have certain experimental propositions in operation in the War Department and in the Navy Department, where we should be accomplishing some of the same things. If not, then let us consolidate all these functions for the sake of results and economy. If the set-up, presumably for the improvement of our air defense, has been successful to a marked degree, enough to justify the appropriation, then why the hue and cry of a year ago that the Army could not carry the mail? Has some private enterprise been profiting to the exclusion of the taxpayers, lo, these many years? There is a strange inconsistency of thought here, in which I seem to see the hand of what I once before styled the "Air Trust."

This constitutes one of the reasons why we should move cautiously before we permit this particular set-up to become a growing burden of expense to the taxpayers, if we are not going to get the proper results. The first thing we know there will be a claim made that it is quite a fundamental organization of our Government, a great necessity to our aeronautical progress, and still discover our air forces unable to function in an emergency.

I also desire to call attention to the section referring to the appropriation to operate equipment purchased with P. W. A. funds that this Congress has never had an opportunity to authorize for that particular purpose. I object to the policy of the P. W. A. purchasing materials of that kind and then coming to the Congress with an apparent



club over our heads and asking funds to use in the operation of that equipment that we did not authorize. I believe we are setting up a bad precedent when we attempt to progress along those lines. It is upon the basis of these contentions that I ask the Congress to strike out only the increase of \$113,008 from this particular appropriation.

I thank the gentleman from Virginia for his courtesy.

Mr. WOODRUM. Mr. Chairman, I rise in opposition to the amendment. The National Advisory Committee for Aeronautics is already, and has been since its inception, a fundamental necessity, in my judgment, for the orderly progress of aviation in this country. If time permitted, I could bring this Committee, I believe, very convincing proof of the fact that it has actually saved to the Government of the United States, to its aviation branches in the Army and Navy, in actual dollars more than it has ever expended in this great research activity, to say nothing of its vast contributions to the development of aviation from the standpoint of increased speed, increased safety, and reduced cost.

There is no duplication whatever in the work that this Committee does and that of the air services of the Army and Navy, and such work as may be done by the Bureau of Standards. That matter has been inquired into a number of times by succeeding administrations. The National Advisory Committee is the research and experimental activity of the Government, headed by Dr. Ames, president of the Johns Hopkins University, with an advisory committee of such distinguished men as Colonel Lindbergh and other noted aviators, who serve without pay. They take no junkets and have spent no money of the Government. They are allowed actual traveling expenses.

Mr. WEARIN. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. WEARIN. Is it not true that the chairman of this committee spent several months in Europe during the past summer?

Mr. WOODRUM. Does the gentleman refer to Dr. Ames?

Mr. WEARIN. Yes.

Mr. WOODRUM. Perhaps he did, but I do not think it was at the expense of the Government; but if he did, I believe the people of America who know Dr. Ames, president of the Johns Hopkins University, and those who have followed the proceedings before this committee, and who know of his wonderful service to this country in aviation, would say that it was money well spent if he did take such a trip to investigate what was being done in other countries with regard to aviation. However, a part of the very small increase is to restore salaries to the 100-percent basis.

A small portion of it is to equip necessary added facilities that were granted to this activity by the Public Works Administration.

Mr. Chairman, I do not want to consume the time of the Committee further, because we are extremely anxious to finish this bill this afternoon. I hope, however, the Committee will follow the recommendations of the Appropriations Committee and pass this appropriation just as recommended by the Bureau of the Budget.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

The Clerk read as follows:

For all printing and binding for the Securities and Exchange Commission, \$30,000.

Mr. WOODRUM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOODRUM: Page 24, line 10, strike out "\$1,649,244" and insert in lieu thereof "\$2,000,000."

Mr. WOODRUM. Mr. Chairman, in introducing this amendment, which increases the amount carried in the bill, I may say that the Budget estimate for the Securities Exchange Commission was \$2,300,000.

Mr. HULL. Mr. Chairman, will the gentleman yield that I may offer an amendment to his amendment?

Mr. WOODRUM. Mr. Chairman, I yield for that purpose, but do not yield the floor.

The CHAIRMAN. Without objection, the Clerk will report the amendment to the amendment.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. HULL to the amendment offered by Mr. WOODRUM: Strike out "\$1,649,244" in line 10, on page 24, and insert in lieu thereof "\$2,340,000", and in line 18, after the word "Commission"—

The CHAIRMAN (interrupting the reading of the amendment). The Chair will state to the gentleman from Wisconsin that he may offer his amendment as a substitute amendment but not as an amendment to the amendment.

Mr. HULL. I accept the suggestion of the Chair and offer my amendment as a substitute for the amendment offered by the gentleman from Virginia [Mr. WOODRUM].

The CHAIRMAN. The Chair will further state to the gentleman from Wisconsin that in the reading of the bill the Clerk has not read the portion of the bill to which the latter part of the gentleman's amendment would apply.

Mr. WOODRUM. Mr. Chairman, the Budget estimate for the Securities Exchange Commission was \$2,300,000. The committee cut it to \$1,800,000 and made a further cut which reduced it to \$1,649,244 for reasons set out in the report, not that the committee was not sympathetic with the very important work laid out by this Commission or that it lacked appreciation of the very splendid gentleman at the head of the Commission; but it felt that there were evidences of a too-rapid growth and an unnecessarily rapid expansion in this Department. We felt that the Bureau ought to be a little more conservative in its request.

Since this report was made to the Congress and on last Thursday a further hearing on deficiencies was had before the Appropriations Committee and the matter was gone into very carefully. While I still feel that the original Budget estimate was high, certainly high for the first year's activity of this Commission, it is true perhaps that the committee's action in cutting the fund to \$1,649,000 was a little drastic and might result in preventing some of the very able and necessary field work the Securities Exchange Commission must do if they are to carry out the important duties assigned to them. I have conferred with the Chairman of this Commission. I have conferred with the distinguished gentleman from Texas [Mr. RAYBURN], Chairman of the Interstate and Foreign Commerce Committee, who brought in the organic bill creating this Commission. In my judgment, the amount asked in this amendment for the next fiscal year will give them ample funds with which to expand in an orderly way; and I think, too, that we may reasonably expect an efficient and helpful administration of this act.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BLANTON. How much of an increase above the committee's allowance does this new figure represent?

Mr. WOODRUM. It is an increase of about \$300,000 above the committee's figures, and it is a decrease under the Budget estimate of about \$300,000.

Mr. Chairman, that is all I care to say upon the amendment.

Mr. HULL. Mr. Chairman, I preface my remarks in support of my amendment by stating that I am not as fully informed of the activities of the Securities Exchange Commission as is the chairman of this subcommittee. I am offering this amendment for the reason that this Commission appeared before the Bureau of the Budget and asked for an appropriation of \$4,000,000. They came before this subcommittee and asked for \$2,340,000 and explained that the nature of their work required that much at least in order that they might broaden their plans and carry on their investigation of securities—not only of the stock exchanges, of which there were some 29 mentioned, not only of the 6,000 varieties of securities which were mentioned, but that they might also pursue those predatory and piratical schemers who even today are working from under this securities law and are swindling many people who would like to be investors in good securities.



The committee saw fit to reduce the Budget estimate by approximately \$640,000. The officers of this Commission stated, as I understand from the report, that if they got the \$2,340,000 they could then provide for only approximately 56 percent of the forces the Commission felt were needed to organize their bureau and do the field work it was indicated they should do.

This is a new activity under the new deal. For a number of years, particularly in the last 5 years, there has been a growing demand for national legislation providing some sort of a commission to control and stop the financial piracy which has been going on. So it seems to me that this Congress ought to approve the plans of this Commission for its own work. If the sum appropriated should prove to be larger than they need, I have confidence in the character of the men whom the President appointed to run this Commission to feel that they will not use more of the funds than absolutely necessary to carry on their activities.

Neither do I believe that this Congress should cut down on appropriations as has been done in previous Congresses for the Trade Commission and as was done with the Anti-trust Division of the Department of Justice in previous years and actually circumscribe their opportunity to render the people the right kind of service. For this reason I have offered the substitute amendment, hoping that it may be adopted, that this Commission may be assured of the amount allowed them by the Bureau of the Budget and assuring them further that this Congress is heartily back of the great work which they are undertaking.

Mr. RAYBURN. Mr. Chairman, I move to strike out the last word.

The committee, of which I happen to be temporary chairman, brought into being originally the Federal Trade Commission. It also handled the legislation known as the "Securities Act of 1933 and the Stock Exchange Act of 1934." Originally the administration of the Securities Act was placed in the Federal Trade Commission. When we passed the stock-exchange regulation bill, setting up a new commission, the activities in reference to securities in the Federal Trade Commission were transferred to the new Commission.

I quite agree with the gentleman that this Commission has about as important work to do as any commission in the Government. I think I stated to the chairman of the subcommittee that I thought they had kept the estimate far too low. It will be remembered that from 1922 to 1932 in this country there were issued by various corporations and offered to the public \$50,000,000,000 in securities of all kinds. The Department of Commerce, in an investigation which they made, solemnly found that \$25,000,000,000 of them were not worth the paper they were written on, and yet they had been issued by these corporations, offered to the public, and in many instances sold to innocent investors. This Commission has all that to look after. It has the tangled matters in the stock exchanges throughout the country to look after, and I may say I think it is, taking man for man, one of the ablest commissions in the Government, and it is doing a great work. Personally, I think that the Commission should have the \$2,300,000 in the Budget estimate; but realizing the force of the committee and its investigation of the matter, I determined this morning I would introduce an amendment raising it to \$2,000,000, believing that in all probability we would not be able to raise the amount recommended by this committee by \$600,000. Therefore I am very glad that the committee has offered the amendment to raise this appropriation to \$2,000,000. Another body will have a chance to consider this matter; and being thankful for the generosity of the chairman of the subcommittee and his committee, as well as the full committee, as far as I am individually concerned, I am going to vote for the amendment offered by the gentleman from Virginia and oppose the amendment offered to raise the amount.

Mr. BUCHANAN. Mr. Chairman, the testimony of the Chairman of this Commission this morning before our committee was to the effect that the peak load for which they expected an appropriation to carry on their activities would

amount to \$4,000,000, and this Commission set up that peak load and endeavored to reach the peak of appropriation in less than a year after this bill was passed without that character of experience essential for an economical administration.

The committee felt they ought to approach this matter of increasing this appropriation gradually in order that they may have some experience in the matter and profit by that experience in reducing administration expenses. It has been operating for a short while. The Chairman of the Commission told us this morning that there was plain evidence that some abuses that were heretofore in common practice had diminished or ceased because the people involved were afraid of the Federal Government's supervising these exchanges and security issues.

Now, why increase it to 1,100 or 1,200 employees as they desire right off the bat? They have 376 now. This \$2,000,000 will give them an increased personnel.

Mr. HULL. Will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Wisconsin.

Mr. HULL. Is it not true if they get \$2,340,000 the total number of employees would not exceed 643?

Mr. BUCHANAN. That is right.

Mr. HULL. Is it not true that unless they get that amount they are not going to be able to put investigators out into the field to investigate the practices of these fly-by-night bond salesmen who travel here and there, spending as high as \$15,000 a month in working up manipulations of securities? Is it not true if we restrict this to even \$2,000,000 we are going to limit the activities of the Commission so far as field investigations are concerned.

Mr. WOODRUM. Will the gentleman from Texas yield so that I may answer the question?

Mr. BUCHANAN. I yield to the gentleman from Virginia.

Mr. WOODRUM. Mr. Chairman, the evidence shows the full appropriation allotted by the Bureau of the Budget would give them a total personnel of 653. That is correct. However, their original request was for a personnel the first year of 1,100 employees. The \$2,000,000 will give them enough money to set up certain regional offices in the field. Now, they cannot set up these offices over night, and in the deliberate judgment of this committee this appropriation will give them ample funds to make all of the orderly, conservative expansion that they would be able to make in their first year's operation. They will not be restricted or retarded in any reasonable, orderly work that they would be able to do in their first year's operation.

Mr. BUCHANAN. Mr. Chairman, my colleague is correct. May I make a further statement. The testimony of the Chairman of this Commission indicated that there is a probability the next Congress may be able to amend this securities bill, so that it may be just as efficiently administered, and the same results accomplished with a less amount of appropriation. Let us give them the \$2,000,000. Let us allow them to get experience. It may not be necessary to increase the \$2,000,000 in the next Congress. We want results. We want efficient results, and we want those results with the least possible appropriation. I believe the Commission as it is now composed will secure those results. This Commission is composed of good men, able, intelligent, efficient, and deeply interested in stopping the abuses, the frauds, and deceptions heretofore practiced upon a gullible and confiding public.

Mr. BOILEAU. Mr. Chairman, I move to strike out the last two words and rise in support of the substitute amendment offered by my colleague, the gentleman from Wisconsin, increasing the appropriation in this item to the figure asked for by the Budget Director.

The gentleman from Texas [Mr. RAYBURN], the distinguished Chairman of the Committee on Interstate and Foreign Commerce, I believe has as much information with reference to this subject as any other Member of the House. I know that he is as familiar—and perhaps more familiar—with this general subject matter as any member of the



Committee on Appropriations or any other Member of this House, because he has been very closely identified with this entire proposition, has watched the progress of this legislation, and should have information upon which to base a sound and matured judgment. I was very pleased to hear him state on the floor a few moments ago that in his opinion the figure put in the amendment by the gentleman from Wisconsin [Mr. HULL] is the proper figure and that his own judgment dictated that this figure should be put in the bill.

I am willing to follow his judgment rather than his action. He stated that because of fear that the Appropriations Committee had such powerful influence that they would be able to stop the deliberate judgment of the Membership of the House, and because of the fact that he feared he would be unable to prevail over the Committee on Appropriations he reconciled himself to taking \$2,000,000 rather than \$2,340,000. As I said a moment ago, I am more willing to follow his matured judgment, for which I have the highest regard, than I am to follow his action in going along with the Appropriations Committee.

I believe the Membership of this House should give a great deal of consideration to the statement of the gentleman from Texas [Mr. RAYBURN] and should follow the Director of the Budget, especially in view of the fact that this figure of \$2,340,000 is nearly \$2,000,000 less than the men who will be charged with this responsibility have asked for in connection with this work.

I sincerely hope the Membership of the House will support the substitute amendment offered by the gentleman from Wisconsin.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. KVALE. All we can find out, Mr. Chairman, is what we read in the papers, but is it not true there have been intimations that the Securities Act as now being administered does not have sufficient teeth and that the responsibilities and duties of the Commission are going to be enlarged rather than restricted?

Mr. BOILEAU. I am firmly convinced the gentleman is right, and for that reason I am supporting the amendment offered by my colleague.

Mr. WHITE. Mr. Chairman, I move to strike out the last word.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate on this amendment and amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WHITE. Mr. Chairman, this Congress in the last session appropriated billions of dollars to support a recovery program, and we will be called on shortly to appropriate more billions for a recovery program.

In the last session of Congress we passed the Securities Act which set up the Commission that is now under consideration. During the years of the depression thousands and hundreds of thousands of companies and business organizations have gone into bankruptcy and passed out of existence, and now business must be refinanced and securities must be issued and sold.

This Commission will have control and supervision over the issuance and sale of these securities; and to say that business must wait for some slow process of creating an organization of this kind and that business must languish and that no new companies must be organized seems to me to be entirely wrong.

We know from the records of the Federal Trade Commission that hundreds of worthy business organizations are languishing and waiting for the supervision and approval which the Federal Trade Commission should give and give promptly, and we should help this Commission by making the appropriation adequate to finance the organization to permit business to function so that we may restore confidence and provide for the creation of business organizations to handle the business of the country.

I am in favor of the amendment of the gentleman to increase the appropriation and provide an adequate amount.

Mr. KNUTSON. Mr. Chairman, I should like to ask unanimous consent to ask the gentleman from Virginia a question, if I may. I had intended to take the floor.

Mr. KVALE. Mr. Chairman, I ask for recognition in support of the amendment for the balance of the 5 minutes remaining.

Mr. MARTIN of Massachusetts. Mr. Chairman, the gentleman from Minnesota was on his feet and had secured recognition.

The CHAIRMAN. All time has expired. The gentleman from Minnesota [Mr. KNUTSON] asks unanimous consent to ask a question of the gentleman from Virginia. Is there objection?

There was no objection.

Mr. KNUTSON. Would the gentleman from Virginia mind stating to the committee upon what information this item was fixed at \$2,000,000? The gentleman's committee held hearings and heard representatives of the Commission, undoubtedly.

Mr. WOODRUM. We had hearings before the subcommittee at the time the appropriation was cut to \$1,600,000, and subsequent hearings were held this morning before the Deficiency Appropriations Committee, and, based upon those hearings, after conference with the Chairman of the Appropriations Committee and the gentleman from Texas [Mr. RAYBURN], I have offered this amendment.

Will the Chair now state the parliamentary situation?

The CHAIRMAN. The gentleman from Virginia offered an amendment, at line 10, page 24, increasing the appropriation from \$1,649,244 to \$2,000,000. The gentleman from Wisconsin [Mr. HULL] offered a substitute increasing the amount of \$1,649,244 to \$2,340,000. The question is now upon the substitute amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. HULL) there were 15 ayes and 102 noes.

So the substitute was rejected.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Virginia [Mr. WOODRUM].

The question was taken, and the amendment was agreed to. The Clerk read as follows:

Total, Securities and Exchange Commission, \$1,679,244.

Mr. WOODRUM. Mr. Chairman, I offer the following amendment to correct the total.

The Clerk read as follows:

Line 18, page 24, strike out the sum of "\$1,679,244" and insert "\$2,030,000."

The amendment was agreed to.

The Clerk read as follows:

American ethnology: For continuing ethnological researches among the American Indians and the natives of Hawaii, the excavation and preservation of archeologic remains under the direction of the Smithsonian Institution, including necessary employees, the preparation of manuscript, drawings, and illustrations, the purchase of books and periodicals, and traveling expenses, \$58,730.

Mr. BLANTON. Mr. Chairman, as a pro forma amendment, I move to amend, on page 25, line 9, by striking out the words "preservation of archeologic remains." Mr. Chairman, for the preservation of the archeologic remains of the Federal Home Loan Bank Board we appropriated \$264,000 a while ago. The gentleman from Michigan [Mr. MICHENER] is one of the able, adept, discerning statesmen of the House. He made a very apropos suggestion a while ago that it was not necessary to pass my amendment to strike out the \$264,000 salary item that pays the Federal Home Loan Bank Board, because my purpose in offering the amendment had already been accomplished.

He was exactly right, Mr. Chairman. Because when the Chair first put the question practically the entire Membership present here voted for my amendment to strike this \$264,000 salary item out, and the Chair announced such vote by stating "that the amendment was agreed to."



That action accomplished my purpose, because it will show this arrogant Board that it cannot treat Members of Congress with contempt and get away with it. It will realize that the creature is not greater than its creator.

Our distinguished friend from Virginia [Mr. WOODRUM] was exactly right in appealing to the House to change its vote and to provide salaries and expenses for a Federal Home Loan Bank Board. And I expected all the time that in the end we would make such provision. But raising this question at this time in the way I raised it was the only possible way under our parliamentary procedure to immediately bring to the attention of said Board that Members of Congress are thoroughly dissatisfied with it.

Money is already appropriated to pay the salaries of the members of this Board until the 1st day of July next. If we had passed my amendment and had stricken said \$264,000 from this bill, that would not have stopped their salaries between now and next July. It requires the passage of legislation to stop their salaries. It requires quite a length of time and a long-drawn-out procedure to impeach them. For the above reasons I resorted to the only means available for bringing to the immediate attention of this Board the fact that on this floor and in the cloak rooms and in the House Office Buildings there is a feeling of resentment, a feeling of dissatisfaction, and a feeling of distrust in the minds and hearts of Members against this Federal Home Loan Bank Board and the Home Owners' Loan Corporation because of their miserable mess of mismanagement.

And these Board officials may just as well understand it now as later that Members of Congress are getting tired of it and are not going to stand for it.

As a representative of the people, our colleague from Ohio [Mr. SWEENEY] has the right to see any file in any department, bureau, independent office, or commission of this Government. Yet when he requested the autocratic officials of this H. O. L. C. to allow him to see Government records in their office, they arrogantly told him that he could not see them. But he did see them, though they delayed him about an hour before he could convince them that he had the right to see them.

Our colleague from Oklahoma [Mr. JOHNSON] went down there and asked to see Mr. Paul A. Warner, the chief examiner, and when the front office flunky went inside Warner's private office to tell him, Jed heard Warner tell the go-between that he "did not have any time to waste seeing any Congressman." But Warner must have heard of this "rumbling" going on here in the House, for this afternoon he sent our friend from Oklahoma [JED JOHNSON] a letter of apology for according him such discourteous treatment.

My friend and colleague, the distinguished gentleman from Virginia [Mr. WOODRUM], whom I consider one of the most valuable Members of this House, said that he was willing to admit that this Board had treated me badly about an appraiser, but, as a matter of fact, it was this appraiser who suffered from their bad treatment. Until the 3d of this month I represented 19 counties in Texas. I selected all 19 of the appraisers for my said 19 counties, and all of them were appointed by the H. O. L. C., and all 19 of them have been functioning. Only against one of them was there any complaint. All of the other 18 were entirely satisfactory.

I selected all 19 of the attorneys for my 19 counties, and they were all appointed by the H. O. L. C., and all of them have been functioning, and are still functioning, and not a complaint has been made against any of the 19, but all 19 attorneys selected by me are entirely satisfactory to the H. O. L. C. Each and all of said 19 attorneys are capable, able, experienced attorneys of high standing and integrity. Each and all of the 19 appraisers selected by me, and accepted and qualified by the H. O. L. C., are high-class, capable, experienced business men of good standing. I hand-picked all of the attorneys. I hand-picked all of the appraisers.

But since last May this H. O. L. C. has boycotted one appraiser, Hon. Fred Cockrell, of Abilene. As I said yesterday, his father served with great honor and distinction in

this House here many years ago. His uncle, Senator Francis Cockrell, was a distinguished United States Senator from Missouri. Judge Fred Cockrell knows the history of every piece of property in his county. He knows the history of every citizen in Abilene whose property he appraises. He has lived there 40 years. He has the confidence, respect, and friendship of everyone. He has had wide business experience. There is on file with this Board here an endorsement of him signed by our newspapermen, our bankers, our chamber of commerce officials, our mayor, some of our city officials, some of our county officials, and many leading business men of his home city, certifying to his integrity, his experience, his business qualifications, and his worthiness in every respect, and urging that he not be boycotted any further.

James Shaw, the manager at Dallas, Tex., has been to Abilene several times during the year and a half that Fred Cockrell has been county appraiser. Shaw's assistant and his general attorney have been in Abilene. Yet not one time have they ever called on Fred Cockrell, and they have never seen him. Not one word have they ever sent him indicating that he would be discharged. And he has never been discharged. To this good day no notice that he has been discharged has ever been sent to him. Yet last June, acting on orders, he claims, came from Washington James Shaw, employed another appraiser in the place of Judge Cockrell, and in October Shaw admitted that from June up to that time he had sent 155 appraisals to this new appraiser, and had sent none to Judge Cockrell, when Judge Cockrell was entitled to those 155 appraisals, and was entitled to his fees of \$5 each for said 155 appraisals, showing that this H. O. L. C. has thus defrauded Judge Cockrell out of \$775 to which he is entitled. He has not been discharged. The H. O. L. C. writes that he is not discharged. They just employed another in his place. But they did not tell him anything about it. They did not notify him. They just have not sent him any appraisals. They have simply boycotted him. And their only excuse is they claim he is "too old." Yet another appraiser in one of my counties, who is entirely satisfactory to them, is 5 years older than Judge Cockrell.

One of their own Board members here, William F. Stevenson, is 71 years old. They do not think that he is too old to be a Board member of the H. O. L. C. here in Washington, and they have not filed any old-age complaint against a very able and distinguished United States Senator who celebrated his seventy-eighth birthday the other day. But they boycott Judge Cockrell and refuse to send him 155 appraisals, claiming he is too old, when I know that Judge Cockrell is more active than any member of this Board, and I believe that he can do more work in a day than this entire Board can do in a week, and I believe that he has more practical, good, common sense, better business experience, and better business judgment than all of the Board members put together.

If they had any good reason to discharge Judge Cockrell, they owed it to him in all common decency to notify him of it. He had the right to know what they had against him. He had the right to be heard. He should have been given a hearing. As I was allowed to select him, and did select him, and he did act for them as appraiser, and appraised many pieces of property up to June 1934, this H. O. L. C. should have notified me last June that he was not satisfactory, and that they were going to replace him. But they did not notify me. They did not notify him. Without letting Judge Cockrell or myself know anything about it, they employed another last June, and then boycotted Judge Cockrell by sending 155 appraisals to the one whom they employed in his place that they should have sent to him.

And the worst of it all is that during all of this time, from June to October, they led me to believe that Judge Cockrell was still their appraiser and was still getting their appraisals from Taylor County, and I learned of their boycotting him only through accident, as Judge Cockrell was too loyal a friend of mine to worry me with any complaint about it.

Last June, before we adjourned, I learned from a friend in the Dallas office that James Shaw was going to try to



displace Judge Cockrell with another appraiser, and I discussed the matter with Hon. William F. Stevenson, a member of the Board here, and I was assured that if Shaw did try it that I would be notified of it before any action was taken, and was assured that Judge Fred Cockrell would be given a fair, square deal.

Notwithstanding that, in June, without notice to him of it, another appraiser had been employed in his place, and from that date on they had boycotted Judge Cockrell. They had the audacity to send him a notice last August, signed by Philip W. Kniskern, chief appraiser here in Washington, for Judge Cockrell to go to Dallas, 200 miles from his home, at his own expense to be examined by Philip W. Kniskern as to his qualifications. It would have been just as apropos for Kniskern to have notified James A. Farley to appear before him on qualifications. On September 13, 1934, I wrote to Hon. William F. Stevenson, a member of the Board, asking if it could not be arranged for Judge Cockrell to be examined in Abilene, where many civil-service examinations occur and where there are ample facilities for holding same—the United States Civil Service having held a competitive examination for me there last Saturday for entrance to both the Military Academy at West Point and the Naval Academy at Annapolis—which letter of mine Mr. Stevenson answered on September 21, 1934, in which he said:

I asked Mr. Kniskern to arrange if possible to have the examination of Mr. Cockrell at his home town of Abilene, where you state that they have the facilities for doing it, and while he did not say he would, he said he would be glad to reach any arrangement that would be satisfactory, and the only chance for him is to stand the examination. He has to qualify as an appraiser under the rules now in existence, one of which has been laid down by Mr. Kniskern.

Not one word was said about this Board having notified James Shaw last June to employ another appraiser in Judge Cockrell's place. Not one word was said about another appraiser having been employed last June. Not one word was said about them sending 155 appraisals to the new appraiser, and not sending them to Judge Cockrell. I found out all of that later from others. I was led to believe that Judge Cockrell was still the appraiser, and was in good standing, but that he would have to take an examination prescribed by this Mr. Philip W. Kniskern, and let Kniskern qualify him before he could remain in good standing as an appraiser. He would have to have the Philip W. Kniskern stamp on him.

And from colleagues I get some very interesting information about Mr. Philip W. Kniskern. I learn that every appraiser in the United States was required to take this Philip W. Kniskern examination. Judge Cockrell had already qualified and had been investigated, and had been acting for this Board as its Taylor County appraiser ever since the Corporation was created in 1933, and up to June 1934 he had appraised 534 homesteads in Abilene on applications for loans, for which this Corporation had up to June 1934, covering his work for about a year, paid him the sum of \$2,670, yet all of a sudden their Mr. Philip W. Kniskern required him to take a Kniskern examination in August 1934, to see whether he was still qualified, so that he could have the Kniskern brand put on him.

There are 254 county appraisers for Texas alone. For the 48 States there must be an enormous number. All were required to take this Kniskern examination in August 1934. About a year ago this Philip W. Kniskern published a book entitled "Appraisals of Real Estate and Evaluations." One of my colleagues tells me that just before the appraisers took this Kniskern examination they received from Washington, on plain stationery and an unprinted envelope, a communication suggesting that if they would read a book by Philip W. Kniskern entitled "Appraisals of Real Estate and Evaluations", it would help them materially in passing such examination. Naturally many of them bought the book. It must have been a bonanza for Philip W. Kniskern. But some could not buy the book. And I am told that many of them failed to pass the Philip W. Kniskern examination.

This was a very unique way this H. O. L. C. Board had of getting rid of appraisers appointed by Congressmen. It is but natural, when you find Paul A. Warner exclaiming from his private office that he has no time to waste on seeing Congressman JED JOHNSON. It is but natural when our colleague from Cleveland, the distinguished gentleman from Ohio [Mr. SWEENEY], is told by this Board that he, a representative of the people, can not see their records. It is but natural when after I had selected all 19 appraisers in my 19 counties, and they had been employed, and I had selected all 19 attorneys in my 19 counties, and they had been employed by this Board, for its chairman, after his head swelled with a few months of autocratic domination of a little bureau, to write me as Chairman John H. Fahey wrote me on October 12, 1934:

Let me say first that our Board never extended to Democratic Congressmen the "right to name county appraisers and attorneys in the counties in their districts." No authority was ever given by the Board to anyone to make such a commitment.

Naturally our colleague from Georgia [Mr. Cox], when I read the above quotation from Chairman John H. Fahey the other day, exclaimed that Mr. Fahey was not telling the truth. Judge Cox knew it was not the truth, because he had appointed his appraisers and his attorneys. I knew it was not the truth, because I had appointed my 19 appraisers and my 19 attorneys.

I now represent only 12 counties. In Llano, one of my former counties, which is now represented by my colleague [Mr. SOUTH], Mr. C. H. Brame has been the county appraiser for the H. O. L. C. ever since it was organized. He applied for a loan over a year ago to save his home from foreclosure. The mortgagee agreed on April 10, 1934, to accept bonds. Yet it was never closed, and I have received a letter from Mr. C. H. Brame—this H. O. L. C.'s own appraiser—dated January 3, 1935, in which he says:

I am writing to you as a friend for advice. My mortgagee has taken snap judgment on me and has closed me out at foreclosure sale. My claim has been pending with the H. O. L. C. for a year. On April 10, 1934, my mortgagee agreed to take bonds and signed bond acceptance, and I thought everything was all right, when I received notice that their funds were exhausted and the H. O. L. C. had suspended all applications. And my mortgagee foreclosed and I have lost my home.

I made complaint to John H. Fahey, at Washington, telling him about the slow methods and low appraisals here, and that they had actually closed up only 10 loans in this county. I pray you in the name of mercy and humanity to please do something to help me save my home.

Naturally Chairman John H. Fahey in his comfortable suite of offices in a magnificent mansion in Washington has not any time to pay any attention to such an appeal as the above, when his little examiner, Paul A. Warner, has not any time to waste on seeing Congressman JOHNSON of Oklahoma, and cannot be bothered with showing records to Congressman SWEENEY, of Cleveland, Ohio. So their own county appraiser, C. H. Brame, a highly respected citizen and Democrat of Llano, Tex., loses his home, and his family is turned out into the cold in January winter when his mortgagee agreed on April 10, 1934, to accept bonds.

I now represent Fisher County. Prior to January 3, 1935, it was represented by my colleague from Texas [Mr. JONES]. Exercising his prerogative, which Chairman Fahey says he never possessed, but which in fact he did have and exercised, Marvin appointed one of his splendid constituents, Mr. E. H. Shelton, of Roby, Tex., as county appraiser for the H. O. L. C. in Fisher County. This appraiser, Mr. Shelton, made an application for a loan to save his home. It was pigeonholed for nearly a year. There was delay after delay. Finally his mortgagee foreclosed, sold him out, and took his home away.

I am getting tired of having this arrogant Board accord such mistreatment to my constituents. They are going to have some rocky roads to travel from now on, until they begin to see the light of day, and begin to do justice to Americans. They are going to do justice to Fred Cockrell. They cannot boycott him and get away with it. They cannot



mistreat him. They cannot rob him. They cannot defraud him.

Let them take a warning from this almost unanimous vote today to take away their salaries. Next time they force us to have such a vote it will be a dead earnest vote and it will stick, and we will take away their salaries. And if they know what is good for them they had better annul and call off this book-selling Philip W. Kniskern examination to qualify appraisers in the Kniskern way, who qualified a year ago and have been qualified ever since, and do not need Kniskern qualifying.

Of course, in this bill my amendment to strike out their salary should have been defeated, and the gentleman from Virginia [Mr. WOODRUM] did exactly right in asking you to defeat it.

Of course, I expected, as every legislator would expect, to put the money back into the bill. A proper board must have money. This Board must have money. But if that Board has common sense it is going to change its plans and methods of operation. I withdraw my pro forma amendment.

The Clerk read as follows:

#### TARIFF COMMISSION

For salaries and expenses of the Tariff Commission, including purchase and exchange of labor-saving devices, the purchase of professional and scientific books, laws books, books of reference, gloves and other protective equipment for photostat and other machine operators, rent in the District of Columbia and elsewhere, subscriptions to newspapers and periodicals, and contract stenographic reporting services, as authorized by sections 330 to 341 of the Tariff Act of 1930, approved June 17, 1930 (U. S. C., Supp. VII, title 19, secs. 1330-1341), \$955,000, of which amount not to exceed \$870,000 may be expended for personal services in the District of Columbia; not to exceed \$2,500 for expenses, except membership fees, of attendance at meetings concerned with subjects under investigation by the Commission; and not to exceed \$7,500 for allowances for living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (U. S. C., Supp. VII, title 5, sec. 118a), but not to exceed \$1,700 for any one person: *Provided*, That the Commission may procure supplies and services without regard to section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) when the aggregate amount involved does not exceed \$50: *Provided further*, That no part of this appropriation shall be used to pay the salary of any member of the Tariff Commission who shall hereafter participate in any proceedings under sections 336, 337, and 338 of the Tariff Act of 1930, wherein he or any member of his family has any special, direct, and pecuniary interest, or in which he has acted as attorney or special representative.

Mr. BREWSTER. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BREWSTER: On page 27, line 17, after the figures "1342", at the end of the line, in line 17, strike out the following words: "\$955,000, of which amount not to exceed \$870,000 may", and insert in lieu thereof, "\$528,000, of which amount not to exceed \$443,247 may."

Mr. BREWSTER. Mr. Chairman, the amendment provides for the reduction of the appropriation for the Tariff Commission by the amount which the committee has reported is required for use in the trade-agreement work this coming year and presents the first opportunity for this House to consider the consequences of the legislation enacted last spring regarding reciprocal trade treaties. A distinguished Democrat, I believe, said that the tariff was a local issue. I speak, perhaps, primarily in a very personal and local sense, as I am primarily concerned with the Cuban trade treaty which has been enacted during this past year, and I use the word "enacted" advisedly, with more than 1,000 items, one of which very vitally concerns not alone my district but many other districts throughout the United States. I represent primarily potatoes, of which we raise some 50,000,000 bushels, which are now selling at a price in my district of 4 cents a peck, which represents a loss to the people raising them of more than \$12,000,000 on the actual out-of-pocket costs. If the same conditions prevail in some of the other 18 States which are directly concerned with the commercial production of potatoes, it represents a loss on the total potato crop this year of nearly \$100,000,000. I do not say that the reduction of 50 percent in the tariff upon potatoes in the Cuban trade treaty is entirely responsible for this condition, but I do say that it has an aspect of

kicking a man when he is down, and I say, representing the people of my district concerned with this, that we feel very strongly that the operations of this act have not been calculated to serve the prosperity of those concerned with the production of potatoes. I do not know what may be the effect of some of the other thousand items comprised within this bill, nor do I refer in the limited time I may have to the broader questions of policy this House must shortly consider as a result of the authoritative decision given to us within the past 5 days by the Supreme Court of the United States, wherein they say to us this:

Among the numerous and diverse objectives broadly stated, the President was not required to choose. The President was not required to ascertain and proclaim the conditions prevailing in the industry which made the prohibition necessary. The Congress left the matter to the President without standard or rule, to be dealt with as he pleased. The effort by ingenious and diligent construction to supply a criterion still permits such a breadth of authorized action as essentially to commit to the President the functions of a legislature rather than those of an executive or administrative officer executing a declared legislative policy. We find nothing in section 1 which limits or controls the authority conferred by section 9 (c).

I hold in my hand the Tariff Trade Treaty Act of last spring, and the language of that act, read in the light of the decision of the Supreme Court in the oil case, certainly must be calculated to give every responsible and thoughtful Member of this body very serious pause. Accordingly, for the purpose at least of recording my own earnest objections to a continuation of this policy by the provision of these funds, I submit this amendment here today, and I ask that every Member representing not alone potatoes but representing all the thousands of other items vitally affected by this trade treaty consider seriously whether he desires to keep suspended over the head of American agriculture and industry this sword of Damocles in the constant threat of tariff revision and the resultant destruction of confidence.

The CHAIRMAN. The time of the gentleman from Maine has expired.

Mr. TABER. Mr. Chairman, the gentleman from Maine has a very interesting argument, and I ask unanimous consent that he may proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Maine is recognized for 5 minutes more.

Mr. BREWSTER. Mr. Chairman, I am fully aware, and I address this particularly to the Members from the Southern States, that my district is not the one primarily affected by the operation of this treaty, since we do have open to us for a certain period the seed-potato market in Cuba, but those producing potatoes in Florida, in Texas, and in every other Southern State are immediately and vitally affected, and I assume that the same condition prevails, particularly as to items such as tomatoes, cucumbers, eggplant, and squash.

Mr. SHORT. Also sugar.

Mr. BREWSTER. I leave it to my friends from Michigan and other States to mention sugar, which is certainly a matter of very vital concern, and of which I did not speak because others, and particularly some gentlemen on the other side of the House, are much better qualified than I.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. BREWSTER. Yes.

Mr. DINGELL. I should like to ask the gentleman from Maine, because I am keenly interested, what connection this discourse might have with the possible abridgment of the amount asked in the appropriation.

Is it the purpose to singe the wings of the Tariff Commission, or does the gentleman have a definite purpose in mind of alleviating this condition of which he speaks, because I want to be helpful on the question of potatoes, because in Michigan we produce potatoes also?



Mr. BREWSTER. I am one who shares with the gentlemen on the other side most profound respect and support for the activities of a fact-finding tariff commission free from Executive interference, which was the pledge of the Democratic platform of 2 years ago. [Applause.]

I am entirely in accord with that and I have the highest respect for the chairman. The committee, however, on page 13, has reported that the Commission's work this year is primarily that as adviser to the President and other departments of the Government in the negotiation of reciprocal trade agreements. Of the total estimate of \$955,000, it is estimated that \$426,000 will be needed for the trade agreement work. The Secretary of State sent a man to the New England Council to tell us about the work. I asked him afterward why they cut the tariff on potatoes 50 percent, and he did not even know the 50-percent cut was in the treaty. I asked him why they did it, and he said that someone over in the Agriculture Department told him it would be all right. This illustrates to me the perils of continuing the negotiation of these treaties with a cut of tariffs upon items that vitally concern so many sections without a responsible legislative rule of policy. If you wish to adopt free trade, it is within the power of this Congress. Or you may wish to adopt competitive tariffs, whatever they may be, as pledged in the last national Democratic platform. We on this side believe in protective tariffs. But whatever policy we adopt, the Supreme Court of the United States has said that this body here must lay down the rule and not abdicate its legislative functions. [Applause.]

Mr. TABER. Mr. Chairman, I only want to use a few moments in support of this amendment. The gentleman from Maine [Mr. BREWSTER] has moved to amend this bill in such a way that the funds would not exist for carrying on those schemes for cutting down the tariff on things which we raise in America and letting things come in from the outside which are going to further depress conditions in this country. That is the object of this amendment. It is to stop the operations of those in the Tariff Commission whose work is directed toward the negotiation of reciprocal trade agreements.

Every single one of the items which were covered in the reciprocal trade agreement with Cuba hit something that is produced in this country. It hits the sugar producers very seriously. It will hit the potato producers in the southern part of the country next winter. It will hit different things all over the country. Why should we go on with an operation which has been proved to be of damage to the people of this country? Why should we not stop it by cutting out this item in the appropriation bill for the Tariff Commission, which would permit them to continue the operation of cutting down our tariff for the benefit of foreign producers?

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. TABER. I yield.

Mrs. ROGERS of Massachusetts. The gentleman, I think, knows that Massachusetts has been adversely affected in the matter of tomatoes. We raise a great many tomatoes under glass and have exported many. The gentleman also knows that Massachusetts and other cotton-textile States and cotton-growing States are protesting against this Cuban treaty.

Mr. TABER. I think that is correct.

Mr. COCHRAN. Will the gentleman yield?

Mr. TABER. I yield.

Mr. COCHRAN. If the amendment offered by the gentleman from Maine [Mr. BREWSTER] is carried, it will cripple a fact-finding commission and deny assistance to our officials who need it, will it not?

Mr. TABER. It will only stop that portion of a fact-finding commission that relates to the reciprocal tariff proposition, which is such a great damage to the workingman and farmer of this country.

Mr. COCHRAN. Will the gentleman yield further?

Mr. TABER. I yield.

Mr. COCHRAN. The gentleman knows that a reduction in this appropriation is not going to stop the negotiations

for reciprocal treaties which are now pending. Therefore is it not wise for our representatives to get all information available rather than making them work in the dark?

Mr. TABER. It will let the people of this country and the Executive know that the Congress places its stamp of disapproval upon wiping out tariffs which are meant to protect the people of this country against foreign competition.

Mr. COCHRAN. The only way that Congress can place its stamp of disapproval is by repealing the law, and not by crippling the Tariff Commission, the fact-finding agency.

Mr. TABER. They can stop the means by which the operation is carried on. That is what this amendment does.

The CHAIRMAN. The time of the gentleman from New York [Mr. TABER] has expired.

Mr. WOODRUM and Mr. DIRKSEN rose.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia, chairman of the committee.

Mr. WOODRUM. How much time is remaining, Mr. Chairman?

The CHAIRMAN. Seven and one-half minutes.

Mr. WOODRUM. I desire the last 5 minutes.

Mr. DIRKSEN. Mr. Chairman, I reserved time before the motion of the gentleman.

Mr. WOODRUM. But the gentleman let somebody else take his time.

Mr. DIRKSEN. I was not recognized by the Chair, but I made a specific reservation of time before the time was closed on this section of the bill.

The CHAIRMAN. The Chair will state that a member of a committee always has preference in recognition.

Mr. DIRKSEN. I appreciate that.

The CHAIRMAN. The gentleman from Illinois [Mr. DIRKSEN] is recognized for 2½ minutes.

Mr. DIRKSEN. There is so little that can be said in the brief time available that I will simply endorse the arguments and the logic of the former Governor of Maine, Mr. Brewster. We may not be able to repeal the provisions of the Reciprocal Trade Act, but we can, at least, make it ineffectual in its administration. That is all that this reduction in the appropriation seeks to do.

I wish to point out, however, to some of the Members of the House that, in addition to this reciprocal trade agreement with Cuba, alluded to by the gentleman from Maine, at least the facts tending toward negotiations have already been entertained, and the time for hearings has been closed in connection with proposed treaties with Switzerland, with Belgium, Colombia, Salvador, Spain, Brazil, and with a great many others. Insofar as the Belgium treaty is concerned, let me point out that there is a disposition to recommend that we give to Belgium 1 percent of the cement production of this country and that we reduce the tariff by 50 percent. This is just one country. Multiply this by 8 or 10 such examples—England, Spain, France, and all the other cement-producing countries, and we will give away approximately 700,000 barrels of the cement production of this country. What is the result. Oh, you are simply taking away that much from American labor, swapping an American customer for a foreign customer. If you want that foreign customer in place and preference of the American wage earner with his higher standard of living and working conditions and wages which are conducive to the welfare of the industry of this country, I, for my part, do not want to make the exchange.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. DINGELL. Does the gentleman in advance of the negotiations know of similar treaties that we are going to enter into with England, France, and other countries?

Mr. DIRKSEN. Insofar as Switzerland is concerned, there are negotiations covering watches, clocks, and mechanical contrivances. In the matter of the Netherlands Empire, on which hearings will be held shortly, there is involved tapioca starch, of which 190,000,000 pounds were imported into this country in 1933. Fancy imports of such competitive products as tapioca starch, which are in direct competition with corn and the derivatives of corn, at a time when the farm-



ers of Illinois and the corn-producing States are being constrained to reduce the acreage and the production of corn. Now, under the act providing for reciprocal trade agreements, passed by the Seventy-third Congress, these treaties may run for a period of 3 years; and I venture the opinion that once such a treaty is declared operative it will be 3 years or longer before we can do anything to overthrow it and recapture American markets for our own farmers and laboring men.

It seems strange, indeed, that our trade experts cannot see that when you permit foreign manufactured goods to enter this country in return for the fancied benefits derived from preferences for a few of our products we do nothing more than import foreign labor. Be it lead pencils, pottery, or electric lamps from Japan, linen and shoes from Czechoslovakia, cement from Belgium, wines from Spain, or any other products, it means nothing more than our domestic production of those items is curtailed in direct proportion to the amount of such products permitted to come in. By curtailing production you curtail labor. Curtail labor and you decrease purchasing power. Decrease purchasing power and you make the depression a fixed and static kind of thing. Meanwhile the only benefit derived is a very restricted outlet for some of our own products to countries whose standard of living and whose purchasing power is infinitely lower than our own. You swap a good customer for a poor one. Certainly nobody will contend that in Europe or the Orient their people are the equal of our own people as potential customers of our farmers, and yet in essence we give the farmer an oriental consumer and give foreign countries an American consumer whenever we curtail production by excessive imports and thus deprive the American workman of a job.

Years ago there may have been some virtue in this free-trade argument. It might have had substance in the days of Adam Smith. Today, however, we find that the mass-production principles exemplified by Henry Ford and other American industries have been adopted by Japan, France, Russia, and all other countries. Moreover, they have no N. R. A., no minimum-wage and maximum-hour regulations. They have depreciated their currencies so that cost of production is low. Since we operate in a world-price market, it means that the low man walks off with the bacon. How can we maintain our standards of living and preserve our market for our own farmers against that form of competition? I am averse to trading with foreign nations when the advantages of low-cost production, depreciated money, long hours, and low living standards are so decidedly on their side. The only result can be an invasion of our markets that will leave us with a horrible headache. To adopt this amendment will not repeal the Reciprocal Trade Act. It will simply stifle those functions of the Tariff Commission dealing with such reciprocal agreements. However, to adopt this amendment does not impair a single function that the Tariff Commission exercised before the passage of the Reciprocal Trade Act by the last Congress.

Mr. WOODRUM. Mr. Chairman, this is another amendment which seeks to administer a psychological spanking. After the committee very wisely voted down the amendment of the gentleman from Texas he very frankly said that his amendment was a fool amendment. I do not know whether the distinguished former Governor of Maine would want to make the same admission or not.

Mr. BREWSTER. I would not.

Mr. WOODRUM. Now, Mr. Chairman, my good friend from Illinois was down in the Well of the House a while ago explaining to the Committee how utterly futile it was to undertake to repeal existing law by merely withholding appropriations. I could insert in the RECORD right here his speech made in that regard, and I know of no better argument to defeat the amendment of the gentleman from Maine, for it is just as utterly futile.

In the first place, Mr. Chairman, let us bear in mind the fact that the Trade Agreement Act did not confer upon the Tariff Commission the right to negotiate reciprocal trade agreements; they have no power whatever over the matter.

That act conferred upon the President of the United States the right to negotiate these treaties, and he is proceeding to exert that right. To withhold this appropriation from the Federal Tariff Commission would not in any wise affect or retard or impair the right, the power, and the duty of the President to negotiate these trade agreements. All it possibly could do would be to deprive him of the expert advice of that impartial fact-finding commission, the Federal Tariff Commission. So to cut the funds of the Tariff Commission in this way would have the effect only of taking away from the President the right to call upon the Tariff Commission for opinions and fact-finding operations.

Again may I remind this body that there is a way always that this Congress can make its will felt. If the gentleman does not like the Tariff Commission Act, he can repeal it if he can get the votes to do it.

Mr. HOOK. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. HOOK. What right under the Constitution has this body to delegate its legislative functions to the Chief Executive?

Mr. WOODRUM. As the gentleman knows, that is the thing we thrashed over when we passed the Trade Agreement Act; and there is a tribunal that can, and doubtless will, pass upon that.

Mr. HOOK. It has already passed upon the delegation of authority in the case of oil.

Mr. WOODRUM. There is a forum in which these questions can be settled definitely and emphatically and by whose decisions the American citizens will abide; but what an utterly futile thing it would be to withhold this appropriation. Again I say to my good friend from Michigan that the purpose of my distinguished colleague from Maine has been accomplished. He has administered a psychological spanking; he has registered his protest against this act for the benefit of his potato growers in Maine; and I ask the committee to proceed to vote down this amendment.

Mr. BREWSTER. Mr. Chairman, will the gentleman yield for a question?

Mr. WOODRUM. I yield.

Mr. BREWSTER. Do I understand that the gentleman proposes that this body shall enact legislation without regard to the Constitution of the United States, because forsooth, the question of its constitutionality can be determined ultimately by the Supreme Court.

Mr. WOODRUM. I do not think I said anything of the kind or anything upon which the gentleman could make such an assumption.

Mr. BREWSTER. I understood the gentleman to say these matters could be determined by the Supreme Court. [Here the gavel fell.]

The CHAIRMAN. The question is on the amendment of the gentleman from Maine.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 54, noes 85. So the amendment was rejected.

The Clerk read as follows:

#### VETERANS' ADMINISTRATION

Administration, medical, hospital, and domiciliary services: For all salaries and expenses of the Veterans' Administration, including the expenses of maintenance and operation of medical, hospital, and domiciliary services of the Veterans' Administration, in carrying out the duties, powers, and functions devolving upon it pursuant to the authority contained in the act entitled "An act to authorize the President to consolidate and coordinate governmental activities affecting war veterans", approved July 3, 1930 (U. S. C., Supp. VII, title 38, secs. 11-11f), and any and all laws for which the Veterans' Administration is now or may hereafter be charged with administering, \$86,700,000: *Provided*, That not to exceed \$3,500 of this amount shall be available for expenses, except membership fees, of employees detailed by the Administrator of Veterans' Affairs to attend meetings of associations for the promotion of medical science and annual national conventions of organized war veterans: *Provided further*, That this appropriation shall be available also for personal services and rentals in the District of Columbia and elsewhere, including traveling expenses; examination of estimates of appropriations in the field, including actual expenses of subsistence or per diem allowance in lieu thereof; for expenses incurred in packing, crating, drayage, and transportation of household effects and other property, not exceeding in any one case 5,000 pounds, of employees when transferred from one official



station to another for permanent duty and when specifically authorized by the Administrator; furnishing and laundering of such wearing apparel as may be prescribed for employees in the performance of their official duties; purchase and exchange of law books, books of reference, periodicals, and newspapers; for passenger-carrying and other motor vehicles, including purchase, maintenance, repair, and operation of same, including not more than two passenger automobiles for general administrative use of the central office in the District of Columbia; and notwithstanding any provisions of law to the contrary, the Administrator is authorized to utilize Government-owned automotive equipment in transporting children of Veterans' Administration employees located at isolated stations to and from school under such limitations as he may by regulation prescribe; and notwithstanding any provisions of law to the contrary, the Administrator is authorized to expend during the fiscal year 1936 not to exceed \$2,000 for actuarial services pertaining to the Government life-insurance fund, to be obtained by contract, without obtaining competition, at such rates of compensation as he may determine to be reasonable; for allotment and transfer to the Public Health Service, the War, Navy, and Interior Departments, for disbursement by them under the various headings of their applicable appropriations, of such amounts as are necessary for the care and treatment of beneficiaries of the Veterans' Administration, including minor repairs and improvements of existing facilities under their jurisdiction necessary to such care and treatment; for expenses incidental to the maintenance and operation of farms; for recreational articles and facilities at institutions maintained by the Veterans' Administration; for administrative expenses incidental to securing employment for war veterans; for funeral, burial, and other expenses incidental thereto for beneficiaries of the Veterans' Administration accruing during the fiscal year 1936 or prior fiscal years: *Provided further*, That the appropriations herein made for the care and maintenance of veterans in hospitals or homes under the jurisdiction of the Veterans' Administration shall be available for the purchase of tobacco to be furnished, subject to such regulations as the Administrator of Veterans' Affairs shall prescribe, to veterans receiving hospital treatment or domiciliary care in Veterans' Administration hospitals or homes: *Provided further*, That the appropriations herein made for medical and hospital services under the jurisdiction of the Veterans' Administration shall be available, not to exceed \$10,000, for experimental purposes to determine the value of certain types of treatment: *Provided further*, That this appropriation shall be available for continuing aid to State or Territorial homes for the support of disabled volunteer soldiers and sailors, in conformity with the act approved August 27, 1888 (U. S. C., title 24, sec. 134), as amended, for those veterans eligible for admission to Veterans' Administration facilities for domiciliary care.

Mr. LUCAS. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LUCAS: On page 29, at the end of line 2, insert the following: "*Provided*, That when found to be to the best interest of the United States, not to exceed \$500,000 of this amount may be used for payments to State institutions caring for and maintaining veterans suffering from neuropsychiatric ailments who are in such institutions on the date of the enactment of this act."

Mr. WOODRUM. Mr. Chairman, I reserve a point of order against the amendment.

Mr. LUCAS. Mr. Chairman, the city of Jacksonville, Ill., is located in the Twentieth Congressional District of Illinois, which I have the honor to represent in the Seventy-fourth Congress, succeeding the Honorable Henry T. Rainey, the late and distinguished Speaker of the House. In the early history of our State those charged with the administration of government selected Jacksonville as the logical spot in which to build a State institution for those who were mentally ill. The World War not only accepted its toll in human life, but thousands upon thousands of veterans in the bloom of manhood returned shell-shocked, maimed, wounded, and mentally disturbed forever. Immediately following the war, and before the Government launched its huge program of hospital construction, the State of Illinois, heeding the request of a patriotic citizenry, caused to be constructed at Jacksonville and Elgin special, spacious, and standard cottages with all the up-to-date fixtures and equipment. This was done in order that the rehabilitation of a number of these disabled soldiers might become a reality and those whose minds were completely shattered might have the best that a grateful State could afford.

Today in Illinois the State hospitals at Jacksonville and Elgin are caring for 203 of these wards under a direct contract with the Government of the United States, and this arrangement between the State and the Government has been in existence from the day the Government started

caring for veterans of the late war. It is interesting to note that many of the families of these boys live in or near the counties where these hospitals are located, and for all these years have yielded to these dependents their parental care, devotion, and love, as only those who have experienced family tragedies of such character can thoroughly appreciate and understand.

Under the present bill there is nothing which can keep the Director of the Veterans' Administration from transferring every one of these insane veterans from Jacksonville and Elgin to some Federal institution beyond the confines of the State of Illinois, if and when hospital beds are available. I am not unmindful of the Government's position of wanting complete charge of its wards, and in the main I agree with this basic and fundamental policy; but, my colleagues, this should be the humanitarian exception to the general rule. Illinois spent thousands upon thousands of dollars in constructing hospitals for these special cases. They were dedicated to these men who today are still suffering from the shellfire of the enemy. These institutions are peculiarly equipped to handle neuropsychiatric cases. The personnel is excellent. There are no better hospitals for this type of case in these United States. Many of these men have lived there for years with their loved ones nearby. The members of the American Legion posts of Jacksonville and Elgin have been most kind and interested in the welfare of these comrades. The service men throughout Illinois are asking that these men be permitted to remain in these institutions at Government expense. And yesterday I was advised by Watson Miller, chairman of the rehabilitation committee of the American Legion, that the cost price per capita with the State of Illinois for maintaining and supporting these men is comparable with the Government cost of men in Government hospitals.

The proposed amendment is nothing new. I seek no radical change or departure from the past. I only ask that we follow in the footsteps of those who were responsible for legislation of the same character in the last Congress. I respectfully call your attention to the language used by the Senate and the House of Representatives in making the appropriation for the Veterans' Administration on page 11, Public, No. 141, Seventy-third Congress. An examination of the appropriation given to the Veterans' Administration will disclose the same language used in connection with that appropriation as is now used in the purported amendment.

This important question was given consideration when the hearing was had before the subcommittee of the House Committee on Appropriations, and on page 200 of the report of the hearings I find the following:

Mr. WOODRUM. On page 3 of your statement you refer to some language that was inserted in the bill, which you want to have eliminated. The wording was put in the last independent offices appropriation bill, was it not?

General HINES. It was put in in the Senate, at the request, I think, of the Senators from Illinois, to cover hospitalization; that is, to make sure that certain mental cases and neuropsychiatric cases hospitalized in Elgin and Jacksonville, in two State hospitals, would not be taken out and transferred to our own facilities.

Mr. WOODRUM. The elimination of this wording does not mean the withdrawal or elimination of any benefits to the veterans, does it?

General HINES. Not at all. We are following the policy, which I think is approved by the service organizations and by the public, that whenever the facilities in a Government institution are available and the guardian of a mental case consents, then that patient should be put in one of our institutions which is as near to his home as possible.

I have known General Hines for a great number of years. I appreciate the many responsibilities that are his throughout the United States as a result of his directorship of the Veterans' Administration. His answer to the distinguished gentleman from Virginia may be correct as to the general policy, but the general policy does not apply to the exception presented. General Hines is not thoroughly conversant with the true picture in the hospitals in question. Following his suggestion to a logical conclusion would mean that most of these men, if removed from the Elgin and Jacksonville hospitals, would be taken away from their homes and their families who reside in nearby counties, and I am



certain that he and I both agree that such should not be done.

Mr. WOODRUM. Mr. Chairman, I shall presently insist on my point of order, but I desire very briefly to make a statement in response to the gentleman's remarks.

As I have explained personally to my colleague from Illinois, who has been so much interested and so industrious and so diligent in behalf of these veterans in his district, it is the policy of the Veterans' Administration, under the mandate of the law, to put veterans in Government institutions wherever Government facilities are available. This is for obvious reasons.

Last year when this bill was in the Senate, the Senators from Illinois, being apprehensive about the condition to which our colleague refers, inserted in the bill the language it is now proposed to put in. I have been in conference with General Hines, and so has my colleague who has just spoken. General Hines is thoroughly sympathetic with the situation mentioned by our colleague and has stated to me and authorized me to state to the House, in order to make it a matter of record, that he does not propose to interfere with the veterans in the hospitals at Elgin and Jacksonville, Ill., except in cases where the parent or guardian of such veterans would desire that they be removed to some Government institution.

Therefore, while the language is subject to a point of order because it amends basic law, I can give my colleague and the other Illinois Members who are interested, assurance that this situation will not be interfered with.

Mr. Chairman, I must now insist upon the point of order.

The CHAIRMAN (Mr. PARSONS). It is not within the province of the Chair to decide upon the merits or demerits of a proposed amendment. If this were not so, the Chair would perhaps rule otherwise; but under the rules of the House, this proposed amendment, constituting as it does a change of basic law upon an appropriation bill, the Chair is constrained to sustain the point of order.

The Clerk read as follows:

Pensions: For the payment of compensation, pensions, gratuities, and allowances, now authorized under any act of Congress, or regulation of the President based thereon, or which may hereafter be authorized, including emergency officers' retirement pay and annuities, the administration of which is now or may hereafter be placed in the Veterans' Administration, \$400,760,000, to be immediately available.

Mr. HOBBS. Mr. Chairman, I move to strike out the last word.

My purpose in seeking recognition in this way is that, as I understand the rules, an amendment would not be in order, and therefore, in order that the record may be kept clear so far as my voting is concerned, I am exercising the privilege which has just been invoked.

I am unalterably opposed to the preferential treatment of officers above the heroic men they so heroically led. I am unalterably opposed to the emergency officers' retirement pay and annuities, and therefore, but for the rule, would offer an amendment to strike that part of this paragraph from the bill for which I am going to vote.

I have already introduced a bill to repeal the law relating to emergency officers' retirement pay and annuities.

For these reasons I shall vote for the bill, but desire to make this statement to my colleagues of the House.

The Clerk read as follows:

Adjusted-service certificate fund: For an amount necessary under the World War Adjusted Compensation Act (U. S. C., title 38, secs. 591-683; U. S. C., Supp. VII, title 38, secs. 612-682), to provide for the payment of the face value of each adjusted-service certificate in 20 years from its date or on the prior death of the veteran, and to make loans to veterans and repayments to banks in accordance with section 507 of the act, as amended (U. S. C., Supp. VII, title 38, secs. 642, 647, 650; act July 21, 1933, 47 Stat., pp. 724-725), \$100,000,000, to become available July 1, 1935, and remain available until expended.

Mr. REED of New York. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Mr. REED of New York offers the following amendment: Page 34, line 13, after the figures "725", strike out "\$100,000,000" and insert in lieu thereof "\$140,000,000."

Mr. REED of New York. Mr. Chairman, the reason I am offering this amendment at this time is to protect the sinking fund which was provided under section 505 of the World War Adjusted Compensation Act.

I call to the attention of the House that section, which is as follows:

There is hereby created a fund in the Treasury of the United States to be known as the "adjusted-service certificate fund", hereinafter in this title called "fund."

There is hereby authorized to be appropriated for each calendar year, beginning with the calendar year 1925 and ending with the calendar year 1946, an amount sufficient, as an annual premium, to provide for the payment of the face value of each adjusted-service certificate in 20 years from its date or on the prior death of the veteran, such amount to be determined in accordance with accepted actuarial principles and based upon the American Experience Tables of Mortality, and interest at 4 percent per annum, compounded annually. The amount so appropriated will be set aside in a fund on the first day of the calendar year for which appropriated. The appropriation for the calendar year 1925 shall not be in excess of \$100,000,000.

In looking over the history of this fund, which is a trust fund created by mandate of Congress, to make sure that the adjusted-service certificates will be paid when due in 1945, I find that the Congress in 1925 appropriated \$100,000,000; in 1926 Congress appropriated for the sinking fund \$120,000,000, \$50,000,000 of that in the first appropriation bill and \$70,000,000 in the deficiency bill; in 1927, \$116,000,000; in 1928, \$112,000,000; and in 1929, \$112,000,000; in 1930, \$112,000,000; in 1931, \$112,000,000; and in 1932, \$112,000,000. Then we passed an act providing for 50-percent loans on these certificates, and to meet these loans and adjusted-service certificates in 1932, \$203,925,000 was appropriated.

This brought the sinking fund, according to actuarial figures, up to date. In looking over the appropriations since the present administration came into power, I find a little different picture.

In 1933 there was appropriated \$100,000,000 for the sinking fund, but in 1934 only \$50,000,000, in 1935 only \$50,000,000, and this bill carries \$100,000,000.

I believe it is the duty of this Congress, especially at this time, when there is an unlimited pending program, with the prospect of spending some \$4,000,000,000, which, as the press informs us, the President has asked Congress not to earmark, it is important that we do not impair and imperil this trust fund. The veterans have the right to have their adjusted certificates protected from impairment.

I called on the Veterans' Bureau for the information, and I was told that it would take \$40,000,000 to bring the sinking fund up to date. I do not want to see the money of this trust that rightfully belongs in the Treasury for the benefit of the veterans of the World War depleted or neglected. [Applause.]

Mr. WOODRUM. Mr. Chairman, the trust fund to which the gentleman refers is in no danger whatever. Whatever the Government owes on the adjusted-compensation certificates will be paid when it becomes due. It has been the policy of the administration to periodically put an amount in this fund; \$112,000,000 was the amount carried for many years. Then, as was suggested by the gentleman from New York, when we passed the bill allowing them to borrow 50 percent on their adjusted compensation, the amount was reduced to \$50,000,000. This year we have put in the amount recommended by the Veterans' Administration and the Bureau of the Budget.

So it is simply a question of bookkeeping—whether the money is put in there or not—but it does affect the balances of the Government; and the fact, as the gentleman states, that we are called upon to expend vast sums for recovery is one reason why we should not increase this amount. No dependent has been deprived of a single dollar due him. The Government stands ready at any time to meet its full obligation, and we have given the amount recommended by the Budget. I hope the amendment of the gentleman will be voted down.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. CULKIN. Will the gentleman tell us what the actuarial estimate is for this year?



Mr. WOODRUM. The actuarial estimate is \$140,000,000.

Mr. CULKIN. For this year?

Mr. WOODRUM. But we have never put in the fund the actuarial estimate, this year or any other year, in this fund or the civil-service retirement fund. That has never been the policy of the administration.

Mr. CULKIN. Is not that an avoidance of the statute which the gentleman from New York [Mr. REED] just read?

Mr. WOODRUM. I do not think it is.

Mr. REED of New York. It certainly violates the spirit of it. The idea is to keep that fund up. It is stated in the newspapers—and I do not think it is disputed—that while they exact from the civil-service employees their contributions, yet the Government is in arrears in that fund by millions of dollars.

Mr. WOODRUM. Oh, the Government will meet its obligations when the bill is presented.

Mr. REED of New York. Perhaps it will and perhaps it will not. We may be spending a 10-cent dollar if this keeps on.

Mr. WOODRUM. Oh, no, we will not; because we have an administration that is not going to conduct the Government on that kind of basis. It will meet its obligations whenever due.

Mr. REED of New York. It certainly is not now by increasing the debt by \$4,000,000,000.

Mr. WOODRUM. There is a difference of opinion respecting that matter, which I shall demonstrate to the gentleman in a moment when we vote on this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. REED of New York) there were—ayes 58, noes 78.

So the amendment was rejected.

The Clerk read as follows:

SEC. 2. In expending appropriations or portions of appropriations contained in this act for the payment of personal services in the District of Columbia in accordance with the Classification Act of 1923, as amended, the average of the salaries of the total number of persons under any grade in any bureau, office, or other appropriation unit shall not at any time exceed the average of the compensation rates specified for the grade by such act, as amended, and in grades in which only one position is allocated the salary of such position shall not exceed the average of the compensation rates for the grade except that in unusually meritorious cases of one position in a grade, advances may be made to rates higher than the average of the compensation rates of the grade but not more often than once in any fiscal year, and then only to the next higher rate: *Provided further*, That this restriction shall not apply (1) to grades 1, 2, 3, and 4 of the clerical-mechanical service; or (2) to require the reduction in salary of any person whose compensation was fixed, as of July 1, 1924, in accordance with the rules of section 6 of such act; (3) to require the reduction in salary of any person who is transferred from one position to another position in the same or different grade, in the same or different bureau, office, or other appropriation unit; (4) to prevent the payment of a salary under any grade at a rate higher than the maximum rate of the grade when such higher rate is permitted by the Classification Act of 1923, as amended, and is specifically authorized by other law; or (5) to reduce the compensation of any person in a grade in which only one position is allocated.

Mr. WOODRUM. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WOODRUM: Page 35, line 9, strike out the word "further" after the word "provided."

Mr. WOODRUM. It is surplusage.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

SEC. 4. Section 8 (a) and (b) of the Independent Offices Appropriation Act, 1934, is hereby continued in full force and effect during the fiscal year ending June 30, 1936.

Mr. TABER. Mr. Chairman, I make the point of order against section 4 that it is legislation on an appropriation bill. This is a provision which continues the mandatory 30-year retirement, which is discretionary with the department.

Mr. WOODRUM. Mr. Chairman, I concede the point of order.

The CHAIRMAN. It is apparent to the Chair that section 4 is legislation on an appropriation bill and subject to the point of order. The Chair, therefore, sustains the point of order.

The Clerk concluded the reading of the bill.

The CHAIRMAN. Without objection, the section numbers and totals will be corrected in accordance with the action of the Committee.

There was no objection.

Mr. WOODRUM. Mr. Chairman, I move that the Committee do now rise and report the bill with the several amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PARSONS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H. R. 3410, the independent offices appropriation bill, and had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. WOODRUM. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? [After a pause.] If not, the Chair will put them en gros. The question is on agreeing to the amendments.

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider the vote by which the bill was passed was laid on the table.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. COSTELLO, for 1 day, on Monday, January 14, 1935, on account of personal business.

#### THE FEDERAL DEPOSIT INSURANCE CORPORATION

Mr. DISNEY. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting therein a speech on the subject of the Federal Deposit Insurance Corporation by our colleague the gentleman from North Carolina [Mr. HANCOCK].

The SPEAKER. Is there objection?

There was no objection.

Mr. DISNEY. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following radio address of Congressman FRANK HANCOCK over WJSV, Columbia Broadcasting System, 11 p. m., Washington, D. C., Wednesday, November 21, 1934:

It should be very encouraging to our people, and particularly our bankers and business men, to know that Washington is no longer a city of the desperate expedients and frantic economic battles necessary in the early part of this administration to hold things together until the familiar processes could be induced to resume their normal activities. Most of the new economic policies set in motion by the President and the Congress have proven to be effective and constitute a sound foundation for new and profitable business activity. Perhaps at no time in our history has there been a larger base to support sound expansion of credit. Truly it may be said that America has regained its balance, and today we begin to see the first indications of a definite revival of business. It is comforting to see it shaking itself free from the fear that has gripped it and take the first faltering steps which, as its strength grows, will bring the progress we know is to come. I look upon this promise of increased business activity as a vote of confidence in the administration and as a sign that it is anxious to cooperate. Here in Washington it is reflected in the plans that are going forward to smooth out the rough spots in what last year had to be emergency legislation and the cessation of certain Government activities in favor of private enterprise. Almost every phase of our daily lives has been affected in some measure by the laws passed in those strenuous days.

To my mind the most important achievements of the Government under the new deal had to do with banking. Wide-spread failures among banks had begun as far back as 1921 and even in



1923 and 1924, years we look upon now as having been abnormally prosperous, over 1,400 banks closed their doors.

While the immediate task of opening the banks was being carried on through State and national authorities, Congress was setting itself to finding an answer to the swelling plea for deposit protection and to searching out ways of keeping the banks more permanently sound in the future. In June 1933 the Banking Act was approved as a means of strengthening the banks and protecting their deposits.

Many of its provisions were included for the purpose of promoting sound banking. But one of its most important sections created a Federal agency to insure bank deposits, the Federal Deposit Insurance Corporation. Much of the credit for bringing this Corporation into existence must go to Hon. HENRY B. STEAGALL, my fellow Congressman and Chairman of the Banking and Currency Committee of the House of Representatives. The 15-year struggle he made for some type of deposit protection by the Government should bring him the gratitude of every citizen.

When President Roosevelt wisely and courageously closed all the banks in the country in March 1933 one of the most disastrous 12-year periods in American banking was brought to an end. The effects of it were probably felt by almost every pocketbook. Practically 14,000 banks had closed, tying up deposits of our citizens amounting to over \$5,000,000,000.

It was natural that such a spectacle should sap the confidence people had in banks. Something had to be done. The moratorium called a halt to the mad panic of depositors, but confidence in the banks was destroyed. It had to be restored. Banks had to be reopened so that business could proceed more normally. It was agreed that they should be opened as rapidly as they were found to be in a safe condition. The public was demanding some type of protection for their money. An answer had to be found quickly for that problem.

It was provided in that law that all national banks and all banks which were members of the Federal Reserve System should automatically become insured. All other banks were free to apply for the insurance and were to be insured by the Corporation if they were found to be in a solvent condition. Today depositors in over 14,000 banks have the protection of this insurance. That is almost 90 percent of the banks in the country. Almost 50,000,000 accounts in these banks are insured and all but three out of every hundred of them are being fully protected by the present insurance limit of \$5,000.

But I want to see every bank in the country giving this protection to its depositors. It is the right of every citizen to have this protection, and I shall bend my efforts to seeing that he gets it.

Mr. Leo T. Crowley, the present Chairman of the Insurance Corporation, has made many suggestions which he believes will improve the effectiveness of the insurance you are now being given. They entail changes in the law. I am in favor of most of them and will do whatever I can to see these enacted into law. His suggestions are for more severe requirements for bank membership in the insurance fund. Solvency is now the only requirement. This was as far as we could go at the time the law was enacted.

But now, sound management of a sound bank should be added. In that connection the right to dismiss a bank from enjoyment of insurance on evidence of repeated unsound practices might well be made a power of the Corporation.

The Deposit Insurance Corporation needs the power, under specified conditions, to purchase assets from banks in difficulty. This would give it an opportunity to ward off many bank failures and thus prevent drains on its own funds and upon those of insured banks. Unlimited assessments against insured banks could be avoided by providing for a regular annual one. Banks would then know what their expense was to be and the Insurance Corporation would be put on a basis more nearly conforming to that of the types of insurance companies with which you are already familiar.

Above all, Mr. Crowley favors retaining the present limit of insurance, \$5,000. The great mass of depositors, you and I, the "average man", would be fully protected by it. The permanent insurance law calls for insurance of larger amounts. That is unnecessary and might easily react to weaken the protection we now get.

Those are all sound suggestions. They are conservative. But, in my opinion, he has not gone far enough. As we all know, credit is the lifeblood of business. Ninety percent of commercial transactions is carried on with check or credit currency and Government should never again leave its entire control in private banking hands. Some sound, cooperative system is essential to insure proper functioning and adequate protection of our new economic system. With certain amendments to the Federal Reserve Act, bringing the Federal Reserve System closer to the Government to insure the exercise of some proper and effective regulation over the expansion and contraction of credit, I would recommend that it be compulsory that all banks join the Federal Reserve System and thereby be compelled to bring the enjoyment of deposit insurance to their depositors. I believe that Government supervision of the banks and protection of their depositors should be extended to include all banks. Perhaps the founding of a central bank is unnecessary, but certainly we need a unified banking system in this country in place of the present 49 degrees of regulation. Without a unified system there can be no effective uniformity of supervision. In your interest I believe these things should be done. However, let's revert again to deposit insurance and see what it means to you. That's what you want to know.

It means that if you do business with an insured bank and it should ever close, the money you have on account there which

falls within the insurance limit will be immediately returned to you by the Insurance Corporation. This is done with remarkably little red tape. All the paying officials ask is that you present your passbook or some other evidence that you have money in the closed bank.

Payment of the depositors in seven closed insured banks has already been made by the young Corporation. There were almost 14,000 of them, and 99 percent of them were paid all the money they had in the bank. The remaining one out of a hundred received \$5,000 of his money, the rest to be paid him from funds gotten from the sale of the bank's assets.

In each of those seven banks payment of the depositors was begun within 10 days of the time it was decided the bank would have to be closed. If you have ever been among the depositors of a bank which failed before this insurance went into effect, you can see even more easily than the rest of us what this prompt action has meant for those 14,000 depositors. Their money was tied up for scarcely any time at all, whereas many of those who were depositors in the banks which failed prior to 1933 even yet have not been paid.

It is pleasing to note in that connection, however, that the Reconstruction Finance Corporation is fast making money available to those banks with which to pay their depositors and that nearly \$1,000,000,000 have already been loaned to them.

Although the first duty of the Federal Deposit Insurance Corporation is to protect bank deposits and to pay the depositors of insured banks which fail, it has also been instrumental in the rebuilding of the banking structure of the country, so that today it is probably in as good a position as it has ever been.

I believe that individual bankers sometimes lose sight of the importance their banks have as a part of the economic structure. Basically a bank has two functions. It must serve as a safe place in which money earned by members of its community may be deposited. It must use that money wisely and efficiently so that the community as a whole may grow and prosper. Of paramount importance is the safety of the bank which depends upon its ability to operate profitably. In my opinion, the day of banking as a career is past, but as a profession it is in its infancy. Since it is a community servant it must first fulfill that duty.

Realization of that duty was brought home by the banking crisis and now, through the cooperation of the Insurance Corporation, Comptroller of Currency, and the Reconstruction Finance Corporation, and other Government agencies, banks throughout the country are putting themselves on a sound basis to serve their communities. Coupled with the protection offered their depositors by deposit insurance, this is rapidly reacting to restore confidence and abolish the fear of banks that people had even as late as a year ago.

The Corporation has received many letters telling of money that has come out of hoarding and gone back into banks. This is as it should be. Money in the mattress is doing its owner little good and is actually a hindrance to community progress. I can readily understand why many people withdrew their money from banks at a time when banks were toppling on every side. But that time is past now.

It is particularly for the people who are saving money for their old age, to pay for their homes, for the education of their children and for other worthwhile things that Congress created the Federal Deposit Insurance Corporation. It was on the money put in banks by this thrifty class of citizens that our country's success was built. The Government is now giving them the assurance that the money they deposit will always be available.

Deposit insurance does many things. The bankers, for instance, whose banks are insured need not fear runs. Depositors know there is no reason to withdraw their money from an insured bank because of some whispered rumor. In other words, deposit insurance has given them renewed confidence in their bank. It has helped in restoring the banker's confidence in himself. The consequent feeling of security is making it possible for them to again play the important part they should in the business life of their communities.

Again, bank failures of former times always seriously crippled credit in the communities of closed banks. Borrowers had to be pressed for payment in order to secure funds with which to pay off deposit demands. Assets had to be sacrificed for immediate sale for the same purpose. Now, when an insured bank closes, receivers begin the process of liquidation just as they always did. But at the same time the Insurance Corporation is paying the claims of depositors. Everyone receives his money to the limit of the insurance right away. The result is that debtors need not be pressed for early payments, nor is it necessary for receivers to sell valuable assets in what may be a depressed market.

One of the advantages of deposit insurance has been given little emphasis. Failure of an insured bank no longer need leave its community without banking facilities. The bank set-up by the Federal Deposit Insurance Corporation to pay off the depositors also has the power to conduct an ordinary banking business. In those communities where a bank is actually needed, this can be of incalculable benefit.

There is one point I should like to stress and upon which I have not as yet touched. Perhaps you have been asking the question to which it is the answer.

Where does the money come from with which the Insurance Corporation pays the claims of depositors in closed banks? There is a backlog fund coming from the Federal Reserve banks and the Treasury of the United States. But in the long run its funds come from the banks themselves. Its present possible resources



amount to about a half billion dollars, and can be expanded under the act to \$2,000,000,000. Regular annual assessments levied against insurable deposits, which I have already recommended, would build the fund up far beyond that figure and give your deposits an added cushion of safety.

But what I want to stress is this: When the Corporation's money is called into use to pay the depositors of some closed bank, it is not a gift to them. In return for it they assign their claim against the bank to the Corporation. On the basis of these claims the Corporation is repaid from the proceeds of liquidation of the closed bank. And since depositors are paid on the basis of the \$5,000 limit the Corporation has an excellent chance for complete return of its money. You see, then, that what actually happens in a bank failure is that the Insurance Corporation steps into your shoes and does the waiting you would otherwise be forced to do.

One other thing I should like to emphasize in closing: Insurance of deposits by a Federal agency is a permanent part of the banking law. There should be changes tending to strengthen it, but the Government feels that however strong the banks may become, the depositors of the Nation should have this added protection as an assurance of the sanctity of their savings.

With a unified system and deposit insurance protection under able and honest governmental direction, the phrase "under Government supervision and protection" will really mean something to the public.

#### THE FRAZIER-LEMKE BANKRUPTCY AMENDMENT—MORATORIUM

Mr. LEMKE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein the opinion of Judge Dawson on the Frazier-Lemke amendment to the Bankruptcy Act.

The SPEAKER. Is there objection?

There was no objection.

Mr. LEMKE. Mr. Speaker, the Frazier-Lemke farm moratorium amendment, subsection S, to section 75 of the Bankruptcy Act, has now been in operation for about 7 months. During that brief space of time it has had a stormy existence. Unfortunately, when the act was passed, the newspapers and other sources of information spread misleading propaganda concerning the amendment; some of it innocent, some of it not so innocent. The public was misinformed as to the aims and the purposes of the act, and we may state that even courts became prejudiced because of this propaganda. Some of these courts unconsciously accepted as true some of the propaganda spread throughout this Nation against this bill.

In spite of these facts, hundreds and thousands of insolvent farmers have become solvent under the act. They have scaled down their debts to somewhere near their present values and within their ability to pay. Hundreds and thousands of farm homes have been saved. The act has met our highest expectation. In fact, 9 out of every 10 farmers who are insolvent and who take advantage of this act are now able to scale down their debts even before they get to the conciliator. The fact that these farmers now have something to say about their own affairs, have the power to save their homes, has made 9 out of every 10 creditors reasonable. It is no exaggeration to say that at least several hundred thousand homes have been saved and farm foreclosures avoided because of this act. No act passed by Congress in recent years has accomplished so much good, with so much opposition and misunderstanding, in such a short period of time.

Immediately upon its passage, the constitutionality of this bill was questioned. United States District Judge Chestnut, of Maryland, held it unconstitutional. His decision was partially accepted by United States District Judge Way, of Virginia. These were the first two decisions. The opinion of these two judges no doubt was influenced by the above-mentioned misleading propaganda.

On October 14 United States District Judge Charles I. Dawson, of Louisville, Ky., in an able and exhaustive opinion, held the act constitutional. His opinion was followed by a favorable decision by United States District Judge John F. Symes, of Colorado. Since then United States District Judges John E. Martinson and Heartsill Ragon, of Arkansas, Walter C. Linley, of Illinois, Oliver B. Dickinson, of Pennsylvania, Fred M. Raymond, of Michigan, and others have followed the opinions of Judges Dawson and Symes and held the act constitutional. An appeal from the decision of Judge Dawson was taken to the circuit court of appeals and the

case argued and submitted in Cincinnati. An appeal from the decision of Judge Chestnut was taken and argued and submitted to the United States circuit court of appeals at Charlotte. From the decision of these two courts an appeal will be taken to the Supreme Court of the United States for the final determination of the constitutionality of the act.

May we suggest that most of the judges of the United States district courts have, and are construing this act unbiasedly, so as to carry out the intentions of Congress. However, a few judges have construed every possible point of this act against the debtor farmer, and in favor of the creditors. They have deliberately sought to defeat the aims and purposes of the act. These have erroneously held that the act does not apply during the period of redemption, they have even gone to the extent of holding that unless the creditors give their consent, that then the farmer is helpless, and cannot proceed under section 75, including subsection S. These judges represent the dying shadows of a past civilization. They place property rights above human rights. If these judges had been unbiased, and had read section 75, including subsection S, together with the debates on the floor of Congress, they would not have come to such erroneous conclusions. Unfortunately, the farmers in these judges' districts are not in a financial position to appeal from such biased and uncalled-for decisions. We suggest that the attorneys in those districts ask these judges to review their decisions, or to grant new trials.

Under subsection S the farmers who are insolvent or who are in distress and unable to meet their present obligations as they become due, will be able to protect their homes, their lands and personal property, and scale down all their indebtedness to the present values of such property and pay for same on the installment plan. It makes no difference whether such property is mortgaged or whether such debts are secured or unsecured. Under this amendment such debts can all be scaled down to the present value of the farmer's property. After the farmer's exemptions are set aside under the State laws, he can select any or all of the remainder of his property and remain in possession under the control of the court of the part so selected and pay the appraised present value under the terms and provisions of the act as amended. In other words, the act provides a method by which an insolvent farmer can become solvent.

This is a conservation act. Nobody will lose anything; it conserves property and values. The creditors will get the present value of the property—that is all they can now get or that they are entitled to. This act gives to the creditors all past efforts, earnings, and accumulations of the debtor, his wife, and his children, but it does prevent them from taking the future earnings and accumulations of the debtor, his wife, and his children. It prevents peonage and serfdom. In fact, they will get more under this amendment than they ever would get by wrecking another million farm homes. The agricultural wealth of this Nation can and will now be preserved in the hands of those who created it—the farmers. This act will give new courage, hope, and aspirations to distressed agriculture.

May I also suggest to the creditors that if they are fair and reasonable that most cases can be adjusted outside of court. No creditor or set of creditors have a right to destroy society—have a right to destroy agriculture—the basic industry of this Nation. No hard-boiled, soulless corporation will be allowed to demand the last pound of flesh or to extract the last drop of blood out of agriculture—to destroy the goose that lays the golden egg.

Prior to this amendment the bankruptcy act generally was an instrument of destruction—it put an end to a person's accumulated efforts and left him high and dry to start anew. In fact, our Bankruptcy Act as well as all of our laws heretofore made, were for the purpose of protecting the creditor at the expense of the unfortunate debtor. This was done under the pretext of honest debts—but nothing was ever said about the dishonest dollar with which those so-called "honest" debts were to be paid. A dollar whose value could be and was manipulated so that it took 15 times as much wheat in October 1932 to buy that dis-



honest dollar as it did in May 1917. In other words, in May 1917, 1,000 bushels of wheat would have bought \$3,890 in Minneapolis, but on October 18, 1932, it would have taken about 15,000 bushels of wheat to buy that same number of dishonest dollars, and what is true of wheat was true of other farm commodities.

This amendment marks a new epoch. From now on the debtor is going to be considered as well as the creditor. The Bankruptcy Act is going to become an act of conservation and not an act of wreckage. It will undoubtedly in future Congresses be extended to include all debtors—business concerns as well as farmers—all will be recognized as going concerns. Property and wealth will be conserved in the hands of those who created it—not destroyed. Society as a whole will protect itself against unreasonable creditor individuals and corporations. Hope and aspiration will again return to our people as a whole.

#### EXCERPTS FROM JUDGE DAWSON'S OPINION

Undoubtedly the Constitution vests in Congress the power to pass laws which are territorially uniform, dealing with the relation of creditor and debtor, when the debtor is unable or unwilling to discharge his indebtedness in full. Whatever once may have been the doubt of courts and law writers as to the scope of the phrase "laws on the subject of bankruptcies", as used in the Constitution, it is now settled that this power of Congress is not limited nor circumscribed by the English bankruptcy acts in force at the time of the adoption of the Constitution. \* \* \*

"It extends to all cases where the law causes to be distributed the property of the debtor among his creditors; this is its least limit. Its greatest is the discharge of a debtor from his contracts. And all intermediate legislation, affecting substance and form, but tending to further the great end of the subject—distribution and discharge—are in the competency and discretion of Congress." \* \* \*

Therefore, the bankruptcy provision of the Constitution cannot be regarded as a power conferred upon Congress to be exercised solely for the benefit of creditors. Subject to the requirement of uniformity, it is a grant of plenary power over the subject of bankruptcies, and while, of course, Congress, under the pretext of executing this power, cannot pass laws dealing with matters not intrusted to the National Government (*Hammer v. Dagenhart*, 247 U. S. 251; *Child Labor Case*, 259 U. S. 20), yet so long as the legislation is fairly within the constitutional grant the public policy exemplified therein is exclusively within congressional discretion. \* \* \*

A fundamental essential of all bankruptcy laws under the Constitution is the reasonably prompt distribution among his creditors of the value of the property of the debtor unable or unwilling to pay his debts; but I cannot believe that this necessarily requires a sale of the bankrupt's property under competitive bidding. If the law provides for a realization of the fair value of the debtor's property by some other method than by such a sale, and for a distribution among the creditors according to their rights of the sum thus ascertained, the same general purpose is accomplished as would be accomplished by a sale, and, therefore, it seems to me entirely within the competency of Congress to provide for a determination of the value of the debtor's property subject to distribution by some other method than by a sale under competitive bidding. Hence, there is no constitutional impediment against Congress providing that in a bankruptcy proceeding the actual fair value of the debtor's property subject to distribution shall be ascertained by appraisers appointed by the court, such appraisal to be made under the supervision and subject to the control of the court; nor to prevent Congress from designating the order of priority in which interested parties may be permitted to elect to pay the appraisal price and take the property. Furthermore, there can be no doubt that Congress can validly provide for the payment of this appraisal value within such a reasonable time, as it may determine; and it is entirely within the power of Congress to provide that the deferred payments shall not bear interest. Again, there can be no doubt of the power of Congress to require all of the bankrupt's property, including that covered by mortgages or other encumbrances, to be administered in the bankruptcy court, free from the interference of State tribunals; otherwise, the Constitution of the United States and the laws passed in pursuance thereof would not be the supreme law of the land, as they are declared to be in clause 2, article VI, of the Constitution.

Measured by these principles, it seems to me that the act in question deals only with matters within the competency of Congress under the bankruptcy provision of the Constitution. It provides for adjudicating the debtor a bankrupt, and subjects all of his property to the control of the bankruptcy court. It provides for the distribution among his creditors, according to their respective rights, of the value of all of the debtor's property which is subject to his debts. It provides that this value shall be determined by an appraisal, but it is careful to set up ample safeguards against either overappraisal or underappraisal of the property. The appraisers are not bound by the market price at the time of the appraisal, but under the act are free to take into consideration all relevant factors in determining the true value of the property.

The right objections, exceptions, and appeal is made available to interested parties. \* \* \*

The act gives to the debtor the sole right to become the purchaser of any part of the property from the trustee at the appraised value thereof, and to pay for same in installments extending over a period of 6 years, with interest at 1 percent; but this right is predicated upon the consent of the lien holders. The fact that the consent of the general creditors and of the trustee is not required cannot be taken advantage of by the bank in this case, as it is not a general creditor except as to the excess of its debt over the appraisal value of the property in lien to it; but, in my judgment, this provision of the act would be valid even though the consent of no class of creditors were required, provided the terms of the payment of the appraisal value fixed in subsection 3 of the act are not so unreasonable as against creditors as to violate one of the fundamental essentials of bankruptcy acts, viz, the distribution to creditors, within a reasonable time, of the value of the property of the bankrupt subject to distribution; but this question will be discussed later in the opinion in connection with my discussion of subsection 7. As heretofore indicated, appraisal of the property of the debtor under the safeguards contained in the act is fairly calculated to secure for creditors a full and fair value of the property. If this is done, no creditor has the right to complain because the debtor is given the sole right to become the purchaser at this price. In bankruptcy proceedings the holder of a lien on property certainly has no constitutional right to demand that he be allowed to become the purchaser of the property covered by his lien. If he is allowed to realize on this property the full value thereof for application to his lien debt, no right of his has been violated. Indeed, I know of no constitutional inhibition against State laws providing that in foreclosure proceedings under State law the value of encumbered property shall be determined by an appraisal under proper safeguards to protect the interest of the lien holder, and giving the debtor the prior right to become the purchaser of the encumbered property at the appraisal price.

Counsel for the bank advanced the suggestion that those provisions of the act permitting the debtor to become the purchaser of his property at its appraisal value under the terms therein stated is, in effect, a composition with his creditors, and therefore do not relate to the subject of bankruptcies within the constitutional sense. I do not think this contention is sound. In the first place, those provisions of the act are not the equivalent of a composition, because a composition settlement with creditors may or may not result in the distribution of the entire value of the debtor's property to his creditors. His creditors may agree to a composition settlement which will result in the payment of less money than the full value of his property; and if approved by the court, under the present bankruptcy law, the bankrupt is entitled to be repossessed of his property and discharged of his debts, provided he has made a full disclosure of his property and has been guilty of no fraud in connection with the composition settlement. The provisions of the act referred to, however, when fairly construed, require the debtor, if he takes over the property under its terms, to pay the full fair value of same as determined by an appraisal under the terms of the act. Even should those provisions of the act, however, be construed as the equivalent of a composition settlement, such a construction would not make the act unconstitutional. \* \* \*

It is contended by counsel for the bank that the act requires a reduction of the claims of creditors, whether they consent to such reduction or not. Such a conclusion can only result from a superficial consideration of the act. As I read it, the act nowhere requires any such scaling down of debts. It devotes the fair value of the entire property of the debtor, other than his exemptions, to the payment of the claims of his creditors. As to secured claims, if the appraisal value of the pledged property is less than the amount of the secured debt, the deficiency, including interest, can be proven as a general claim and participate in the distribution of the appraisal value of the unencumbered property ratably with the other unsecured claims. Of course, when the value of the bankrupt's estate is not sufficient to pay his debts in full, the practical effect of a discharge is to reduce the claims of creditors, but such is the effect of a discharge under any bankruptcy law. \* \* \*

This subsection (7) postpones the right of sale of the debtor's property for 5 years, with the privilege to the debtor during that time to occupy and use same, provided he pays a reasonable rental therefor, and to become the purchaser thereof at any time during that period, as therein provided. Certainly Congress has the power to prohibit the sale of the assets of a bankrupt for a reasonable length of time after the court takes possession of same and to authorize the trustee or other representative of the creditors or officer of the court to rent same during the waiting period. If it possesses this power, why may not Congress authorize the property to be rented to the debtor? Possessing the power to delay the sale of a bankrupt's assets and to authorize the rental thereof in the meanwhile to the debtor, why may not Congress also provide that at the end of the waiting period, or prior thereto, the debtor may become the purchaser of the property by paying in cash the appraisal value thereof? Frankly, I can see no constitutional impediment to such legislation on the part of Congress if that body deems it in the furtherance of sound public policy. \* \* \*

Is the waiting period of 5 years such an unreasonable delay in the distribution of the property of the bankrupt to his creditors as to amount to a denial of due process? It seems to me that this resolves itself into the question of whether such a period of delay substantially denies to the creditors the right of a



distribution of the bankrupt's assets. It must be accepted that it was the judgment of Congress that it does not, and this judgment must be weighed in the light of the conditions confronting Congress when the law was enacted. Courts may take judicial notice of universally recognized facts. At the time this legislation was enacted the Nation was going through the severest financial depression in its entire history. Values of all property, and particularly of farm property, had not only sunk to unprecedented levels, but there was no market for it even at these levels. In legislating on matters committed to it by the Constitution, Congress undoubtedly may give thought to public policy and the general welfare. Within the scope of its delegated powers it may legislate for the general welfare, just as States may do under their police power. *The Lottery Case*, 188 U. S. 321; *Hipolite Egg Co. v. United States*, 220 U. S. 45; *Caminetti v. United States*, 242 U. S. 470. Unquestionably, it is desirable that the sacrifice of farm property and the dispossession of farmers shall be avoided, so far as constitutionally may be done with fairness to others, during an emergency such as now prevails. It was the judgment of Congress that through the medium of bankruptcy proceedings the farmer should be given 5 years within which to rehabilitate himself and save his property. Discretion on this subject, within constitutional bounds, rests with Congress, and I am not prepared to say that these bounds have been exceeded in the legislation under consideration. \* \* \*

#### THE SUGAR SITUATION

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by having printed therein a statement made by the Michigan Republican delegation on the sugar situation, as expressed in a letter to Secretary Wallace.

Mr. BULWINKLE. I reserve the right to object.

Mr. O'MALLEY. Mr. Speaker, I reserve the right to object. Some days ago I sought to insert in the RECORD a manuscript as a part of the revision of my remarks on a certain subject, and the gentleman from North Carolina [Mr. BULWINKLE] and the gentleman from New York [Mr. SNELL], the distinguished minority leader, stated that it was about time we reached some agreement on what extraneous matter could go into the RECORD. I have never tried to be a censor or a literary editor of the CONGRESSIONAL RECORD, but the point was made against me. The gentleman from North Carolina [Mr. BULWINKLE] specifically referred to editorials, letters, telegrams, and other matter. I am going to object until we get a settlement of this matter.

Mr. BULWINKLE. Will the gentleman yield?

Mr. O'MALLEY. I yield.

Mr. BULWINKLE. I understood that the gentleman from Michigan, in making his request, asked to extend his own remarks, a letter which he himself wrote to the Secretary of Agriculture. The gentleman from North Carolina does not object to the gentleman from Wisconsin at any time putting his own remarks in the RECORD.

Mr. SNELL. That is exactly the position that I took.

Mr. O'MALLEY. The gentleman from North Carolina specifically referred to editorials, telegrams, and letters, which were not a part of the matter referred to in the remarks on the floor.

Mr. BULWINKLE. The gentleman from North Carolina did not mean letters which the gentleman from Wisconsin wrote, but every Member of the House has numbers and numbers of letters from constituents; and if those were inserted in the RECORD, there would be no end to it.

Mr. O'MALLEY. The gentleman from North Carolina knows that he specifically referred to letters, editorials, and telegrams; and in agreement with the gentleman from New York [Mr. SNELL] he decided that extraneous matter should not be included in the RECORD. I was prevented from putting into the RECORD a matter which was of great interest to the people of my district and to the people of the United States, namely, recommendations of the chief of police of my city upon the things necessary to make a large city free from crime.

Mr. SNELL. We do not object to anything you want to extend in the RECORD of your own, such as your own letters.

Mr. BLANTON. This is a matter that occurred between a Congressman and a department. Surely the gentleman from Wisconsin would not object to that.

Mr. O'MALLEY. The gentleman in his own remarks, in objecting to my request, said that he would object until this

thing was settled. I am not trying to be the literary editor of the CONGRESSIONAL RECORD, but I would like to know just what can go into that RECORD so my requests will not be objected to, as they were last Monday.

Mr. SNELL. So far as I am concerned, anything of the gentleman's own composition, his own letters, can go in. That is all the gentleman from Michigan is asking at the present time.

Mr. O'MALLEY. Then I understand that from now on letters written by Members and telegrams may go in the RECORD.

Mr. CARTER. Mr. Speaker, the regular order.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. O'MALLEY. I withdraw my reservation of objection if it is his own letter.

There was no objection.

Mr. CRAWFORD. Mr. Speaker, under the leave to extend my remarks in the RECORD I include a statement made by the Republican delegation from Michigan on the sugar situation, as expressed in the following letter to Secretary Wallace:

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, D. C., January 9, 1935.

HON. HENRY A. WALLACE,

Secretary of Agriculture, Washington, D. C.

DEAR MR. SECRETARY: The Associated Press released under a Miami, Fla., date line, January 8, the following statement:

"MIAMI, FLA., January 8.—Jefferson Caffery, United States Ambassador to Cuba, arrived here yesterday in a Navy plane from Habana.

"He will leave tonight by train for Washington, where he plans to lay before the State Department a number of problems vitally affecting the island republic.

"Among these, he said, were the political and economic questions.

"Outstanding among these is the sugar problem. He declined to discuss in detail the various matters which he will take up in Washington.

"The American Ambassador said he intended to arrive back here about Saturday and return to the Cuban capital by Navy plane."

We, of course, know that you are familiar with all of the facts in the case pertaining to the operation of the Jones-Costigan Sugar Act and with the recent activities on the part of the Cuban Government and certain sugar operators and banking houses in New York and the situation which developed with reference to December sugar-futures contracts. Accordingly, we do not at this particular moment desire to take your time in reciting detailed information which is already in your files.

However, in the interest of the sugar-beet growers of the State of Michigan in particular and those farmers engaged in the production of this important crop throughout many other beet-producing States, we cannot overlook registering a protest at this time against further discrimination against the farmers of this country and in favor of the political and economic interests residing in Cuba and American citizens residing in the United States with their money invested in Cuban sugar plantations.

Under date of January 5, the Associated Press carried a Washington date line which states that you, under date of January 5, "set the estimated total United States sugar consumption for 1935 at 6,359,261 short tons." This release also carries the statement that Cuba has been allotted 1,857,022 tons. The release also carries the information that the figures may be revised up or down during the year to meet changes in consumer requirements.

We believe that many people assume the quota allocated to Cuba from time to time under the operation of the Jones-Costigan Sugar Act, together with the fact that the effective duty on sugar coming into this country was reduced from \$2 per hundred pounds 96-degree raw sugar to 90 cents per hundred pounds 96-degree raw sugar was to cover the economic relief to be given to Cuba insofar as the operation of the sugar industry is concerned. Of course, the new trade treaty with Cuba made possible the total reduction from the \$2 down to the 90 cents. With the sugar quotas allocated to the various producing areas through acreage quotas to growers as well as sales quotas to processors, we feel that Cuba has been given all the consideration to which she is entitled, and no doubt a great deal more.

We are mindful of the fact that Cuba is a foreign country and in a position to pass legislation over which our Congress has no jurisdiction. We are also mindful of the fact that the owners of the beet-sugar stocks in this country (being the growers and the processors under the participating contracts which are now so generally in operation) are more or less distressed sellers the first few months of each calendar year, due to the fact that their sugar stocks are so great and that as the sales quotas are operating, Cuba is in a position, through its legislation and operation of the sales policies, to considerably "rig" the market against the American sugar consumers, and, in addition, bring about the situation which happened during the last 2 months of 1934 in connection with sugar contracts.



We hope that no further advantage will be granted Cuba which will be detrimental to the sugar-beet and sugar-cane growers of the United States.

Respectfully submitted,

F. L. CRAWFORD,  
ROY O. WOODRUFF,  
EARL C. MICHENER,  
JESSE P. WOLCOTT,  
CARL E. MAPES,  
WM. W. BLACKNEY,

ALBERT J. ENGEL,  
GEO. A. DONDERO,  
CLARE E. HOFFMAN,  
HENRY M. KIMBALL,  
CLARENCE J. MCLEOD,

*Michigan Republican Delegation.*

#### SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 364. An act to exempt from taxation certain property of the Daughters of Union Veterans of the Civil War in the District of Columbia; to the Committee on the District of Columbia.

S. 397. An act to provide for recording of deeds of trusts and mortgages secured on real estate in the District of Columbia, and for the releasing thereof, and for other purposes; to the Committee on the District of Columbia.

S. 398. An act to amend the act entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, and the acts amendatory thereof and supplemental thereto; to the Committee on the District of Columbia.

S. 399. An act to amend sections 416 and 417 of the Revised Statutes relating to the District of Columbia; to the Committee on the District of Columbia.

S. 400. An act to permit the stepchildren of certain officers and employees of the United States to be admitted to the public schools of the District of Columbia without payment of tuition; to the Committee on the District of Columbia.

S. 401. An act to amend the act entitled "An act to regulate the practice of the healing art to protect the public health in the District of Columbia", approved February 27, 1929; to the Committee on the District of Columbia.

S. 402. An act to amend section 824 of the Code of Laws for the District of Columbia; to the Committee on the District of Columbia.

S. 404. An act to provide for the acquisition of land in the District of Columbia in excess of that required for public projects and improvements, and for other purposes; to the Committee on the District of Columbia.

S. 408. An act to promote safety on the public highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia; to prescribe penalties for the violation of the provisions of this act, and for other purposes; to the Committee on the District of Columbia.

#### ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock p. m.) the House, in accordance with its order previously entered, adjourned until Monday, January 14, 1935, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

121. Under clause 2 of rule XXIV, a communication from the President of the United States, transmitting supplemental estimates of appropriations for the legislative establishment, United States Senate, for the fiscal year 1935, in the sum of \$265,000 (H. Doc. No. 79), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FITZPATRICK: A bill (H. R. 3800) to authorize the Secretary of War and the Secretary of the Navy to lend Army and Navy equipment for use at the National

Jamboree of the Boy Scouts of America; to the Committee on Military Affairs.

By Mr. HAINES: A bill (H. R. 3801) to provide for the transportation and distribution of mails on motor-vehicle routes; to the Committee on the Post Office and Post Roads.

By Mr. HOBBS: A bill (H. R. 3802) to repeal the act of May 24, 1928, and amendments thereof and supplements thereto; to the Committee on World War Veterans' Legislation.

By Mr. LEMKE: A bill (H. R. 3803) to provide revenue, to regulate commerce with foreign countries, and to protect American agriculture, labor, and industry; to the Committee on Ways and Means.

By Mr. MAY: A bill (H. R. 3804) for the relief of soldiers, sailors, and marines; to the Committee on Pensions.

By Mrs. ROGERS of Massachusetts: A bill (H. R. 3805) to increase the existing rates of death compensation payable to widows and children of World War veterans; to the Committee on World War Veterans' Legislation.

By Mr. SMITH of Virginia: A bill (H. R. 3806) to establish a commercial airport for the District of Columbia; to the Committee on the District of Columbia.

By Mr. WITHROW: A bill (H. R. 3807) to provide that any extension or expansion of the United States Military Academy shall be made and located on the Government property at Camp McCoy, Wis.; to the Committee on Military Affairs.

By Mr. DIMOND: A bill (H. R. 3808) to authorize the incorporated town of Seward, Alaska, to undertake certain municipal public works, including the construction of an electric generating station and electric and steam heating distribution systems, and for such purposes to issue bonds in any sum not exceeding \$118,000; to the Committee on the Territories.

By Mr. ELLENBOGEN: A bill (H. R. 3809) declaring an emergency in the housing condition in the District of Columbia; creating a Rent Commission for the District of Columbia; prescribing powers and duties of the commission, and for other purposes; to the Committee on the District of Columbia.

By Mr. ROGERS of Oklahoma (by departmental request): A bill (H. R. 3810) for the benefit of the Omaha and Winnebago Indians of Nebraska; to the Committee on Indian Affairs.

Also (by departmental request), a bill (H. R. 3811) to add certain public-domain land in Montana to the Rocky Boy Indian Reservation; to the Committee on Indian Affairs.

By Mr. SCRUGHAM: A bill (H. R. 3812) to convey certain lands and buildings to the city of Reno, Nev.; to the Committee on Public Buildings and Grounds.

By Mr. DARDEN: A bill (H. R. 3813) extending for 2 years the provisions of the act entitled "An act for the relief of unemployment through the performance of useful public works, and for other purposes", approved March 31, 1933; to the Committee on Labor.

By Mr. DEMPSEY: A bill (H. R. 3814) to further extend the period of time during which final proof may be offered by homestead entrymen; to the Committee on the Public Lands.

By Mr. GEARHART: A bill (H. R. 3815) to authorize and direct the Secretary of War to lend War Department equipment for use at the California State Department Convention of the American Legion at Fresno, Calif., during the month of August 1935; to the Committee on Military Affairs.

By Mr. SWEENEY: Resolution (H. Res. 46) providing for the appointment of a select committee of the House of Representatives to investigate the Home Owners' Loan Corporation; to the Committee on Rules.

By Mr. COLDEN: Resolution (H. Res. 47) requesting the Secretary of the Interior to furnish to the House of Representatives a comprehensive plan for the improvement and development of the rivers and water resources of the States of California, Arizona, and Nevada; and, furthermore, to include authority for the establishment of homesteads and the encouragement of home owning; to the Committee on Flood Control.



By Mr. O'CONNOR: Resolution (H. Res. 48) for the payment of a gratuity to Thomas Brady; to the Committee on Accounts.

By Mr. PALMISANO: Resolution (H. Res. 49) requesting the Secretary of Labor to compile a list of the labor-saving devices, and for other purposes; to the Committee on Labor.

By Mr. WARREN: Joint resolution (H. J. Res. 79) authorizing the Federal Trade Commission to make an investigation with respect to agricultural income and the financial and economic condition of agricultural producers generally; to the Committee on Interstate and Foreign Commerce.

By Mr. LLOYD: Joint resolution (H. J. Res. 80) to provide for allocation to private shipyards on the Pacific coast a fair share of the 50 percent allotted to private shipyards under naval-construction bills passed by Congress; to the Committee on Naval Affairs.

By Mr. PETTENGILL: Joint resolution (H. J. Res. 81) directing the President of the United States of America to proclaim October 11 of each year General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

Also, joint resolution (H. J. Res. 82) providing for the celebration of the one hundred and fiftieth anniversary of the adoption of the Constitution by the United States of America on September 17, 1937, establishing a commission to be known as the "United States Sesquicentennial Constitution Day Commission", and designating September 17, 1937, as United States Constitution Day; to the Committee on Rules.

By Mr. BURDICK: Joint resolution (H. J. Res. 83) for a national moratorium; to the Committee on the Judiciary.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK: A bill (H. R. 3816) granting a pension to Parmelia J. Woodward; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3817) granting a pension to Ida H. Burch; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3818) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Mary Squires; to the Committee on Claims.

By Mr. BERLIN: A bill (H. R. 3819) granting a pension to Clara Enyeart; to the Committee on Invalid Pensions.

By Mr. BLACKNEY: A bill (H. R. 3820) for the relief of Leslie E. Drake; to the Committee on Claims.

By Mr. CHAPMAN: A bill (H. R. 3821) for the relief of Corinne Blackburn Gale; to the Committee on Claims.

By Mr. DARDEN: A bill (H. R. 3822) for the relief of Irving Lindsay Leafe; to the Committee on Military Affairs.

By Mr. DUFFY of New York: A bill (H. R. 3823) for the relief of the parents of Albert Thesing; to the Committee on Claims.

Also, a bill (H. R. 3824) granting a pension to Cora J. Lowell; to the Committee on Invalid Pensions.

By Mr. DUNCAN: A bill (H. R. 3825) for the relief of Robert D. Allnutt; to the Committee on Military Affairs.

Also, a bill (H. R. 3826) for the relief of John Evans; to the Committee on Claims.

By Mr. FLETCHER: A bill (H. R. 3827) granting a pension to Mrs. Ella N. Smith; to the Committee on Pensions.

Also, a bill (H. R. 3828) granting an increase of pension to Ella B. Kinnamon; to the Committee on Invalid Pensions.

By Mr. FORD of California: A bill (H. R. 3829) granting a pension to Bessie Baldwin; to the Committee on Pensions.

By Mr. GEARHART: A bill (H. R. 3830) for the relief of John H. D. Wherland, alias Henry Lowell; to the Committee on Military Affairs.

Also, a bill (H. R. 3831) for the relief of Dennis H. Sullivan; to the Committee on Military Affairs.

By Mr. GILLETTE: A bill (H. R. 3832) for the relief of Frederick Henry Pollman; to the Committee on Military Affairs.

By Mr. GOODWIN: A bill (H. R. 3833) for the relief of Nellie M. Anderson; to the Committee on Claims.

By Mr. KELLY: A bill (H. R. 3834) granting a pension to Joseph J. Mann; to the Committee on Pensions.

By Mr. KENNEDY of New York: A bill (H. R. 3835) for the relief of Thomas O'Brien; to the Committee on Claims.

By Mr. LAMNECK: A bill (H. R. 3836) granting an increase of pension to Emma Martin; to the Committee on Invalid Pensions.

By Mr. McSWAIN: A bill (H. R. 3837) granting a pension to Matt J. Gaines; to the Committee on Pensions.

By Mr. MAVERICK: A bill (H. R. 3838) for the relief of Beryl Elliott; to the Committee on Claims.

Also, a bill (H. R. 3839) for the relief of Rene Hooze; to the Committee on Claims.

By Mr. NICHOLS: A bill (H. R. 3840) granting a pension to Francis M. Weddle; to the Committee on Invalid Pensions.

By Mr. PALMISANO: A bill (H. R. 3841) to refund to Theodore Reichhart, Inc., part of the brewers' occupational tax; to the Committee on Claims.

Also, a bill (H. R. 3842) granting a pension to Sarah J. Tuttle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3843) granting an increase of pension to Alice M. LeCompte; to the Committee on Pensions.

Also, a bill (H. R. 3844) granting a pension to Annie M. Oliver; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3845) granting a pension to Lucy Pierce; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3846) granting a pension to Sabina M. Ettlinger; to the Committee on Pensions.

Also, a bill (H. R. 3847) granting a pension to Katherine E. Miller; to the Committee on Pensions.

By Mr. PETTENGILL: A bill (H. R. 3848) granting a pension to Mike B. Kowalski; to the Committee on Pensions.

Also, a bill (H. R. 3849) for the relief of Roy G. Gardner; to the Committee on Military Affairs.

By Mr. REECE: A bill (H. R. 3850) granting a pension to William A. Harden; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3851) granting a pension to Charles M. Fink; to the Committee on Pensions.

Also, a bill (H. R. 3852) granting an increase of pension to Lee Street; to the Committee on Pensions.

By Mr. ROBSION of Kentucky: A bill (H. R. 3853) granting a pension to Millard C. Helm; to the Committee on Pensions.

Also, a bill (H. R. 3854) granting a pension to Robert G. Brewer; to the Committee on Pensions.

Also, a bill (H. R. 3855) granting a pension to George E. Cornelius; to the Committee on Pensions.

By Mr. ROMJUE: A bill (H. R. 3856) for the relief of Charles Edward Poole; to the Committee on Naval Affairs.

By Mr. SWEENEY: A bill (H. R. 3857) for the relief of Beatrice I. Manges; to the Committee on Claims.

By Mr. SUTPHIN: A bill (H. R. 3858) for the relief of Charles W. Morgan; to the Committee on the Civil Service.

By Mr. THOM: A bill (H. R. 3859) for the relief of Edward A. Burkett; to the Committee on Military Affairs.

By Mr. THURSTON: A bill (H. R. 3860) granting a pension to Nora Dunlavy; to the Committee on Invalid Pensions.

By Mr. UNDERWOOD: A bill (H. R. 3861) granting a pension to Amanda Hart; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3862) for the relief of Bertha Clifford; to the Committee on Claims.

By Mr. WELCH: A bill (H. R. 3863) granting an increase of pension to Ned Mitchell Harrison; to the Committee on Pensions.

Also, a bill (H. R. 3864) for the relief of Gladys Robbins; to the Committee on Claims.

Also, a bill (H. R. 3865) for the relief of Horatio S. Turrell, alias Horatio Seaward; to the Committee on Military Affairs.

By Mr. WILSON of Pennsylvania: A bill (H. R. 3866) for the relief of Emanuel Bratses; to the Committee on Claims.

By Mr. WITHROW: A bill (H. R. 3867) for the relief of Walter Manning; to the Committee on Naval Affairs.



Also, a bill (H. R. 3868) for the relief of Leland Francis Olson; to the Committee on Naval Affairs.

Also, a bill (H. R. 3869) for the relief of Marcus Lee; to the Committee on Naval Affairs.

Also, a bill (H. R. 3870) for the relief of Charles A. Besch; to the Committee on Pensions.

Also, a bill (H. R. 3871) for the relief of George H. Hauge; to the Committee on Claims.

Also, a bill (H. R. 3872) for the relief of the Mueller Motor Co.; to the Committee on Claims.

Also, a bill (H. R. 3873) granting an increase of pension to Mary A. Smith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3874) granting an increase of pension to Anna Sholts; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3875) granting an increase of pension to Mary Knadle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3876) granting an increase of pension to Hannah Salts; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3877) granting an increase of pension to Annie Coleman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3878) granting a pension to Mary E. Hoffman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3879) granting a pension to Nettie Blackley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3880) granting a pension to William Edward Coughlin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3881) granting a pension to Mary Adams; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3882) granting a pension to Irene L. Davidson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3883) granting a pension to Anna Sheets Rogers; to the Committee on Invalid Pensions.

Also, a bill (H. R. 3884) granting a pension to Josephine D. M. Nelson; to the Committee on Pensions.

Also, a bill (H. R. 3885) to amend and correct the military record of Albert Kaman; to the Committee on Military Affairs.

Also, a bill (H. R. 3886) to amend and correct the military record of Frank Schneider; to the Committee on Military Affairs.

Also, a bill (H. R. 3887) to correct the military record of Russell W. Graff; to the Committee on Military Affairs.

Also, a bill (H. R. 3888) to correct the military record of William L. Berkley; to the Committee on Military Affairs.

Also, a bill (H. R. 3889) to correct the military record of Harley M. Berkley; to the Committee on Military Affairs.

By Mr. WOODRUFF: A bill (H. R. 3890) for the relief of John R. Parkhurst; to the Committee on Naval Affairs.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

109. By Mr. DIES: A petition of J. C. Carlton and other citizens of Angeline County, Tex., favoring the enactment of a reasonable old-age-pension law; to the Committee on Labor.

110. By Mr. EKWALL: Petition of the Council of the City of Portland, Oreg.; to the Committee on Military Affairs.

111. By Mr. FOCHT: Petition regarding the unemployment-insurance bill (H. R. 7598); to the Committee on Labor.

112. Also, petition regarding the Townsend plan, old-age revolving pensions; to the Committee on Labor.

113. Also, petition regarding the Townsend plan, old-age revolving pensions; to the Committee on Labor.

114. By Mr. FULMER: Resolution of the house of representatives, Columbia, S. C., passed on January 10, 1935, "That it is the sense of this body that this Nation needs uniform provision for the payment of old-age pensions and that this body respectfully recommends to the Congress of the United States, now in session, that it make adequate provisions for the payment of pensions; to the Committee on Ways and Means.

115. By Mr. GOODWIN: Petition of the Maritime Association of the Port of New York, favoring the establishment

of an air-mail terminal for New York City at the municipal airport at New York City, Floyd Bennett Field; to the Committee on the Post Office and Post Roads.

116. By Mr. MEAD: Petition of nine national organizations interested in the advancement of women's interests, regarding their opposition to House Joint Resolution 1 and Senate Joint Resolution 1; to the Committee on Ways and Means.

117. By Mrs. ROGERS of Massachusetts: Petition of the Massachusetts Warehousemen's Association, asking that the National Industrial Recovery Act be extended for a period of 1 year rather than to permit it to expire and rather than have new legislation enacted at this session of Congress; to the Committee on Appropriations.

118. By Mr. ROMJUE: Petition of independent oil jobbers of Missouri, opposing monopolistic control of the petroleum industry and advocating measures to protect the public interests; to the Committee on Interstate and Foreign Commerce.

119. Also, petition of southern commissioners of agriculture and other cotton interests at New Orleans, La., December 7, 1934, expressing their appreciation to the Members of Congress for the passage of the excise tax on foreign oils; to the Committee on Ways and Means.

120. By Mr. RUDD: Petition of Queens South Side Allied Associations, Alex Sneddon, secretary, Howard Beach, Long Island, N. Y., favoring the continuance of the Home Owners' Loan Corporation, and the necessary appropriations for same; to the Committee on Banking and Currency.

121. By Mr. SANDERS of Texas: Petition of Oscar Withrow and numerous other citizens of Mineola, Wood County, Tex., urging passage of legislation providing for an old-age pension and a bill creating a Nation-wide Federal retail sales tax; to the Committee on Labor.

122. By Mr. TREADWAY: Petition of employees of the Holyoke Wire Cloth Co., Holyoke, Mass., protesting against the enactment of any 30-hour-labor legislation; to the Committee on Labor.

123. By Mr. TRUAX: Petition of the Ladies Auxiliary of the Veterans of Foreign Wars to Fremont Post, No. 2947, Fremont, Ohio; to the Committee on World War Veterans' Legislation.

124. Also, petition of Local Union No. 1418 (New Philadelphia, Ohio) of the United Mine Workers of America affiliated with the American Federation of Labor; to the Committee on Labor.

## SENATE

MONDAY, JANUARY 14, 1935

The Chaplain, Rev. Zebarny T. Phillips, D. D., offered the following prayer:

Almighty God, whose greatness flows around our incompleteness and in whose rest our restlessness subsides, help us to make each day a fresh beginning; help us to find each morn a world made new.

When we are tempted to believe that might has won the title to existence and marks the measure of man's work, reveal to us anew the solemn truth that the tenure of a nation's life is ever coextensive with its morals; that to serve Thee rightly is to love each other, and where pity dwells there peace abides.

Direct us then, O Father, into the way of Him whose blessed work on earth was doing good, that with reverent tread we may follow in the steps of His most holy life. We ask it in His name and for His sake. Amen.

#### THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of Thursday, January 10, 1935, when, on request of Mr. ROBINSON and by unanimous consent, the further reading was dispensed with, and the Journal was approved.